



## Becky Thompson

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**From:** Ware, Don <donald.ware@PENNICHUCK.com>  
**Sent:** Tuesday, March 31, 2015 3:27 PM  
**To:** Eileen Cabanel  
**Cc:** Patenaude, John  
**Subject:** Solar Field PILOT

Good Morning Eileen:

Spring is around the corner and hopefully the Town is digging out from the ugly winter. I am checking in to see where you might be regarding a discussion with the Town Selectman in regards to whether they would consider a PILOT for the 1 MegaWatt solar field that Pennichuck is considering constructing in Merrimack across from its water treatment plant. Pennichuck needs to make a go/no go decision on this project by the end of May. The willingness of the Town to allow Pennichuck to make a PILOT is a key decision point regarding whether solar field is a viable project. Some points to consider from the Town's perspective as to why it might consider a PILOT for the Pennichuck Solar Field are as follows:

1. The parcel of land where the 12.5 acre solar field would be located is currently held in current use. The Town would receive the current use penalty tax if the land was used for the solar array.
2. The parcel of land where the solar field is proposed is within the watershed to the Pennichuck Brook water supply. As watershed land it will remain undeveloped if the solar field is not built. The solar field is the only acceptable type of development that can happen within this watershed on Company land.
3. The solar project is not cost effective if Pennichuck must pay property taxes on the projected solar field's value (land and equipment) of about \$3,000,000. The cost of electricity from the solar field will only be equal to Pennichuck's electric costs of power from the grid if Pennichuck can make a PILOT to the Town based on a valuation of \$500,000 or less. If the solar field will not save Pennichuck's customers electrical operating costs that project will not be completed.
4. This is a potential win-win for the Town in Pennichuck if the Town will consider a PILOT for the following reasons:
  - a. The Town will get the current use tax penalty payment it would not get if this project is not constructed.
  - b. The Town will get increased annual payments in the form of a PILOT (based on a \$500,000 or less property value) which will be significantly more than the current annual real estate property tax payment made by Pennichuck for this property under current use.
  - c. The Town can promote its support of sustainable technology if it desires to.
  - d. Pennichuck's customers will gain electric rate stability for about 25% of its energy needs.
  - e. Pennichuck will be moving toward a sustainable energy supply as promoted by the Environmental Protection Agency.

Thank you for your time and consideration in this matter. As we discussed, Pennichuck is available to come to the Town, at its convenience, to discuss this project further should the Town need further information or want to open further dialogue on the proposed solar field.

I look forward to hearing from you.

Have a good afternoon.

Donald L. Ware, PE  
Chief Operating Officer  
Pennichuck Corporation  
25 Manchester Street

Town of Merrimack  
 Town Clerk/Tax Collector  
 6 Baboosic Lake Road  
 Merrimack, NH 03054



**SOUTHWOOD CORPORATION (THE)**  
**PO BOX 1947**  
**25 MANCHESTER ST**  
**MERRIMACK, NH 03054**

**2014 MERRIMACK PROPERTY TAX -- BILL 1 OF 2**

Invoice: 2014P01134502  
 Billing Date: 05/14/2014  
 Payment Due Date: 07/01/2014  
 Amount Due: \$ 3,838.00

**12% APR Charged After 07/01/2014**

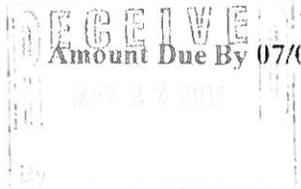
Property Owner		Assessments	
Owner: SOUTHWOOD CORPORATION (THE)		<b>Taxable Land:</b>	309,661
		<b>Buildings:</b>	6,700
		<b>Total:</b>	316,361
Tax Rates			
<b>County:</b>	\$ 0.59		
<b>School:</b>	\$ 7.55		
<b>Town:</b>	\$ 2.65		
<b>State Education:</b>	\$ 1.17		
<b>Hydrant:</b>	\$ 0.17		

**Property Description**  
 Map: 00001D Lot: 000001 Sub: 000000  
 Location: MANCHESTER ST Acres: 85.450

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**Summary Of Taxes**  
**First Bill:** \$ 3,838.00

- Abated/Paid: \$ 0.00  
 - Veteran Credits: \$ 0.00  
 + Penalties: \$ 0.00



**Amount Due By 07/01/2014: \$ 3,838.00**

**Total Tax Rate: \$ 12.13 \* Net Value: 316,361**  
 \* First Bill Tax Rate Equals 1/2 Last Year's Final Tax Rate

**Mailed To:**  
 SOUTHWOOD CORPORATION (THE)  
 PO BOX 1947  
 25 MANCHESTER ST  
 MERRIMACK, NH 03054

**2014 MERRIMACK PROPERTY TAX -- BILL 1 OF 2**

Town of Merrimack  
 Monday - Friday 9:00 am - 4:30 pm  
 www.merrimacknh.gov  
 (603) 424-3651  
 Tax Collector: Diane Trippett  
 Owner: SOUTHWOOD CORPORATION (THE)

**RETURN THIS PORTION WITH PAYMENT**  
 Please see back of bill for payment instructions.  
 To insure proper credit, please remit bottom  
 portion of bill when sending payment.

**Location: MANCHESTER ST**  
**Map: 00001D Lot: 000001 Sub: 000000**  
**Invoice: 2014P01134502**

**Amount Due By 07/01/2014: \$ 3,838.00**

014P01000000PR013450200000007011400003838000

DANIEL WEBSTER HIGHWAY

MERRIMACK

Proposed  
1 MW Solar array  
≈ 12.1 Acres cleared

10-001A  
DIPA  
CORP (INC)  
C/O-DINER, C/O AMERICAN TOWER CORP.  
P.O. BOX 733507  
ALEXANDRIA, VA 22307

10-005  
MIL-DOT  
C/O-OWNER, C/O FISHER PATTY  
P.O. BOX 100  
CONCORD, NH 03301

10-001 F  
MANSION OF MERRIMACK, LLC  
500 W. COMMONS PARK, SUITE 4000  
MERRIMACK, MA 01801

10-001 Z  
MERRIMACK WATER WORKS  
20 CEDRON RD, SUITE 200  
MERRIMACK, NH 03001

10-001 L  
MERRIMACK WATER WORKS  
P.O. BOX 194  
22 MARIONETTE ST.  
MERRIMACK, NH 03004

10-118  
MERRIMACK WATER WORKS  
P.O. BOX 194  
22 MARIONETTE ST.  
MERRIMACK, NH 03004

SUPPLY POND

HARRIS POND

WATERSHED BOUNDARY

PROPOSED LIMIT OF WORK

EXISTING  
SLUDGE  
LAGOON

EXISTING  
SEWER  
LINES

NEW  
SEWER  
AND  
PROTECTION  
ACT  
SEWAGE

450  
STREET  
DANGER  
TREATMENT  
FACILITY

POINT  
A  
137  
MERRIMACK  
CONCORD  
LOCATION

NOTE:  
1. EXISTING SITE BASE AND TOPOGRAPHY PROVIDED BY PENNICHUCK WATER WORKS, PROPERTY LINE NOT BASED ON SURVEY.  
2. PARCEL LINE INFORMATION BASED ON ASSESSOR'S DATA FROM THE TOWN OF MERRIMACK AND THE CITY OF MERRIMACK, NEW HAMPSHIRE.

### 3. Current Use

Under New Hampshire law, "open space land" must be assessed at its current use value. RSA 79-A:5, I. "Open space land" includes farm land, forest land and unproductive land,<sup>3</sup> and in general must be at least 10 acres in size. When land classified as "open space land" is changed to a different use so that it no longer meets the criteria for "open space land," there are two tax consequences:

- a. The landowner is subject to a one-time "land use change tax" under RSA 79-A:7 at the rate of 10% of the "full and true value of the land," payable to the municipality. This tax is different from and additional to real property tax.
- b. The land will be subject to annual real estate tax at its full value going forward.

Land not physically changed, provided that it meets the minimum acreage requirements, will not come out of current use. RSA 79-A:7, V. The change in use is deemed to occur when actual construction begins on the site, including building an access road or grading the site. RSA 79-A:7, IV; Cub 307.01(c)(2). There are no exemptions from the land use change tax - any party holding land that comes out of current use will owe this tax. For purposes of the land use change tax, paid to the municipality in which the property is located, the property is assessed as of the date it comes out of current use. RSA 79-A:7, I. By contrast, for real estate tax purposes, the property is assessed each year as of April 1. RSA 76:2.

We think that development of the solar project will cause the Leased Area to come out of current use. The Leased Area will be subject to the land use change tax

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<sup>2</sup> Determining who the taxpayer would be for purposes of the utility property tax will require further consideration. Solar City will own the equipment, Pennichuck is the "eligible customer-generator" and Southwood owns the land on which the project is situated.

<sup>3</sup> "Open space land" does not include property held by a city, town or district for purposes of water supply or flood control, for which a payment in place of taxes is made in accordance with RSA 72:11. Southwood holds the land for purposes of watershed protection, which probably falls within the meaning of "water supply," but we understand that Southwood is paying taxes, not making payments in lieu of taxes, so this provision does not apply.

## RATH YOUNG PIGNATELLI

and will be taxed at its full value going forward. The change in value will take effect once construction begins. Those portions of the 85-acre parcel not used for the project (i.e., other than the Leased Area) will remain in current use.

#### 4. Inclusion of the Solar Panels in the Property Valuation

New Hampshire statute provides that all "structures, machinery, dynamos, apparatus, poles, wires and fixtures of all kinds and descriptions, and pipelines employed in the generation, production, supply, distribution, transmission or transportation of electric power ... shall be taxed as real estate." RSA 72:8. New Hampshire cities and towns may, if they choose, adopt exemptions for "solar energy systems," including solar photovoltaic systems that produce electricity. RSA 72:61, 72:62. Some New Hampshire municipalities have adopted exemptions for solar energy systems, but we found no indication that the Town of Merrimack has done so.

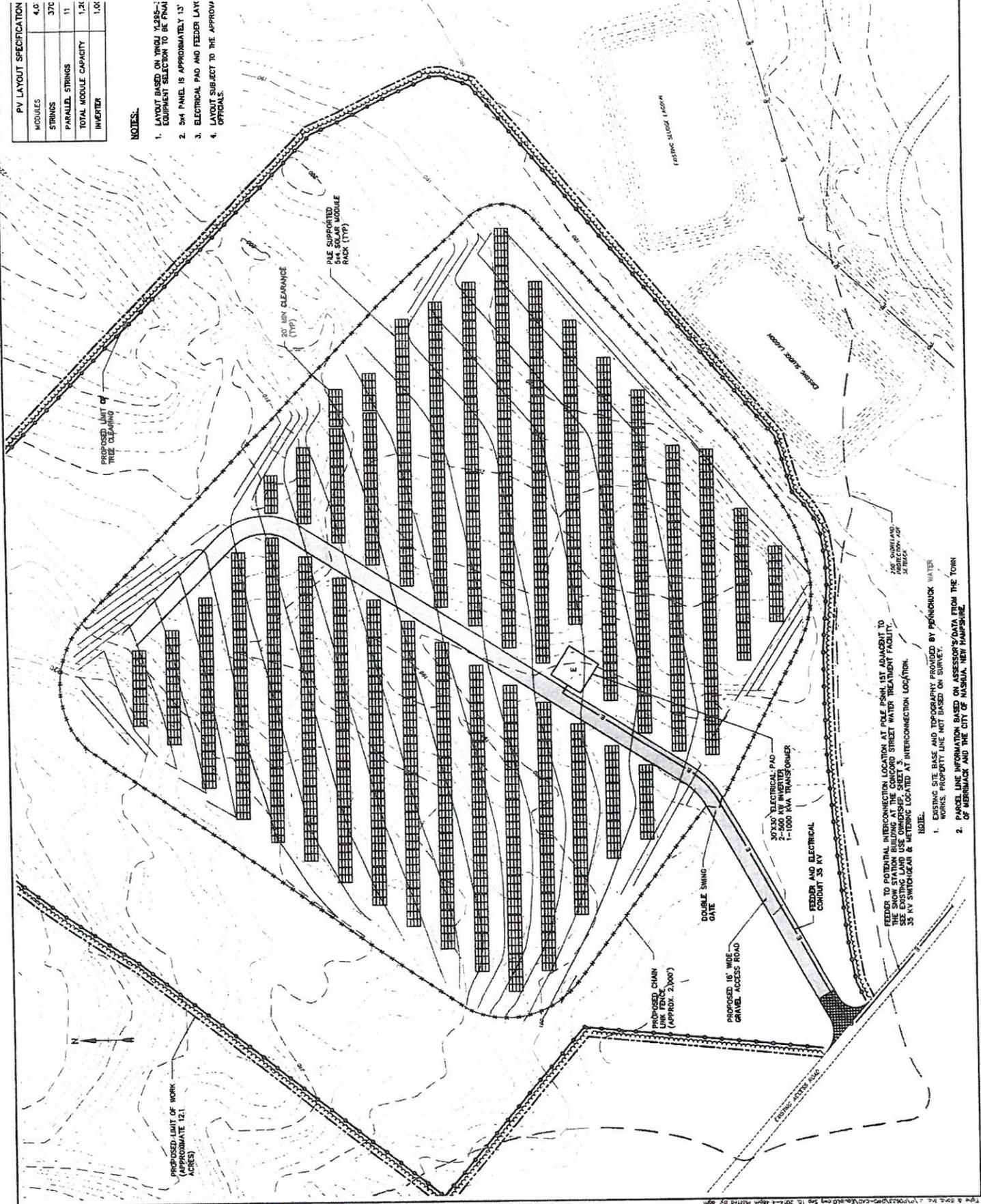
There is an alternative path to limiting tax liability. Under New Hampshire statute, owners of "renewable generation facilities" (including solar photovoltaic projects) and New Hampshire municipalities may also enter into agreements for payment in lieu of taxes ("PILOT Agreements"). Such agreements must be approved by the governing body of the municipality after public hearing, and the municipality will be obligated to offer comparable agreements to owners of any other renewable generation facilities located in the municipality. RSA 72:74, I, V. In the absence of a PILOT Agreement, the renewable generation facility shall be subject to taxation under RSA 72. RSA 72:74, I.

In the first instance, the value of the solar panels will be factored into the valuation of the property. RSA 72:8. The Town of Merrimack could eliminate this factor by enacting an exemption for renewable energy facilities. We suspect this change could only be made pursuant to a warrant article voted on at town meeting. A more practical alternative might be to seek a PILOT Agreement with the Town under RSA 72:74.

PV LAYOUT SPECIFICATION	
MODULES	4,0
STRINGS	370
PARALLEL STRINGS	11
TOTAL MODULE CAPACITY	1.21
INVERTER	1.01

**NOTES:**

1. LAYOUT BASED ON NREL 4.285-1. EQUIPMENT SELECTION TO BE FINAL.
2. 5/4 PANEL IS APPROXIMATELY 13'.
3. ELECTRICAL PAD AND FEEDER LAY.
4. LAYOUT SUBJECT TO THE APPROVAL OF THE LOCAL.



FEEDER TO POTENTIAL INTERCONNECTION LOCATION AT POLE POSITION ADJACENT TO CONCORD STREET WATER TREATMENT FACILITY. SEE EXISTING LAND USE ORDINANCE, SHEET 3. SEE EXISTING LAND USE ORDINANCE, SHEET 3. 35 KV SWITCHGEAR & METERING LOCATED AT INTERCONNECTION LOCATION.

- NOTE:**
1. EXISTING SITE BASE AND TOPOGRAPHY PROVIDED BY PONDQUICK WATER WORKS. PROPERTY LINE NOT BASED ON SURVEY.
  2. PARCEL LINE INFORMATION BASED ON ASSESSOR'S DATA FROM THE TOWN OF MERRIMACK AND THE CITY OF NASHUA, NEW HAMPSHIRE.

