

STATE OF VERMONT

SUPERIOR COURT
Windham Unit

CIVIL DIVISION
Docket No. 423-9-12 Wmcv

TransCanada Hydro Northeast Inc.,
Plaintiff

v.

Town of Rockingham,
Defendant

DECISION ON THE MERITS

In this property tax appeal, TransCanada Hydro Northeast, Inc. (TransCanada) challenges the Town of Rockingham's April 1, 2012 valuation of TransCanada's Bellows Falls hydroelectric facility on the Connecticut River which the Listers placed on Rockingham's grand list at a value of \$108,110,000. TransCanada appealed the 2012 listing to this Court pursuant to 32 V.S.A. § 4461. A bench trial was held over three days, May 11-13, 2015. At trial, TransCanada was represented by Robert E. Woolmington, Esq. and the Town of Rockingham (the Town) was represented by Richard E. Saudek, Esq. The Vermont Department of Taxes joined the Town in support of the listed value, represented by its attorney, Mary L. Bachman, Esq. and Assistant Attorney General William Griffin. The record was held open until July 8, 2015 for post-trial submissions of memorandum of facts and law. As required by § 4467, the Court considers the matter de novo.

The Property

The Bellows Falls hydroelectric facility has been in continuous operation since 1928. The facility includes a dam, power station, and the surrounding land, and has a nameplate capacity of 40.8 megawatts and net peak capacity of about 48 megawatts. TransCanada acquired the Bellows Falls facility through its purchase in 2005 of five hydroelectric facilities along the Connecticut and Deerfield Rivers from USGen, New England, Inc. See Tr. 5/11/15 at 16-17. A portion of the facility is on the New Hampshire side of the Connecticut River, while the majority of the facility is in Vermont. The parties have stipulated, for the purposes of this tax appeal, that 85% of the value of the facility shall be attributed to the Vermont portion.

In the late 1800s, a dam was constructed across the Connecticut River at the Bellows Falls site. In 1928, turbines were installed and the dam began producing hydroelectric power. The Federal Energy and Regulatory Commission (FERC) first licensed the Bellows Falls facility in 1938. In the 1970s the facility went through the FERC license renewal process and was granted a 40 year license in 1979. See Ex. 8. As a condition of the relicensing, a fish ladder was installed and other mitigation measures were adopted, including minimum flow requirements. TR 5/11/15 at 120. The 1979 license expires in 2018. See Tr. 5/11/15 at 123. TransCanada plans to renew its license for another 30-40 years, with the length of the license to be determined by FERC.

The Bellows Falls facility is one of a series of hydropower dams situated along the Connecticut River owned by TransCanada. Together the dams act as a larger river management system enabling TransCanada to optimize the flow of the Connecticut River. The combined capacity of TransCanada's Connecticut River holdings is about 424 Megawatts.

TransCanada Hydro Northeast, Inc. is a subsidiary of TransCanada Corporation based in Calgary, Canada. TransCanada Corporation also owns TransCanada Power Marketing Limited, TransCanada's energy marketing wing.

Summary of the Dispute

The Town listed the Bellows Falls facility on its 2012 grand list at \$108,110,000, the same value at which the facility had been listed for 2010 and 2011. TransCanada had not challenged the 2010 or 2011 valuations, but appealed the April 1, 2012 listing. In 2013, in response to this and other appeals by TransCanada, the Vermont General Assembly authorized funds for an appraisal of TransCanada's properties on the Connecticut River as of April 1, 2012.

George E. Sansoucy, P.E., LLC was retained by the State of Vermont to perform the appraisals. Mr. Sansoucy is a registered engineer and certified real estate appraiser. He used a discounted cash flow (DCF) analysis, adjusted by reference to a comparable sales analysis, and concluded that on April 1, 2012 the Bellows Falls facility had a fair market value of \$130,000,000, of which \$108,495,400 was attributable to the Town, based on the stipulated 85% allocation.¹ TransCanada retained La Capra Associates (LaCapra), a Boston based consulting firm, and its president Daniel Peaco, to provide a competing valuation of the Bellows Falls facility. Mr. Peaco also employed a DCF approach; however, he assumed different critical inputs compared to Sansoucy's DCF, including variances in capitalization rate, lower estimates for generational capacity based on river flows, and different assumptions regarding operational vs. capital expenses. Using his DCF, Peaco concluded that on April 1, 2012, the fair market value of the Bellows Falls facility was \$84,000,000, with \$67,000,000 attributable to the Town. Peaco did not undertake a separate comparable sales analysis; however, his report contains a discussion criticizing Sansoucy's comparable sales approach.

To support its valuation at trial, the Town offered the testimony of Ms. Camilla Roberts, the chair of the Town Listers, and Mr. Sansoucy. TransCanada presented testimony from Shaun Keniston, TransCanada's Director of External Affairs and Hydro Relicensing, and Mr. Peaco.

Standard of Review

A town's valuation of property for taxation purposes under 32 V.S.A. § 4467 must reflect the fair market value of the property, reduced or increased if necessary to correspond to

¹ A small portion of the facility's value on the Vermont side of the Connecticut River is assigned to associated land and land rights in the upstream Vermont towns of Weathersfield, Springfield, and Windsor. The value of the land in those upstream towns is not in dispute and accounts for the mathematical disparity between 85% of \$130,000,000 and the Town's proposed value of the facility.

valuations of comparable properties. See *New England Power Co. v. Town of Barnet*, 134 Vt. 498, 505 (1976). Fair market value is the price the property would command in an arm's length transaction between a willing buyer and a willing seller, "taking into consideration all the elements of the availability of the property, its use both potential and prospective, any functional deficiencies, and all other elements such as age and condition which combine to give property a market value." 32 V.S.A. § 3481; see also *Town of Barnet v. New England Power Co.*, 130 Vt. 407, 411 (1972).

An appeal to the Superior Court of a town's valuation of property is a *de novo* proceeding. See 32 V.S.A. § 4467. On appeal, the town has the initial burden to produce evidence of the fair market value of the property. See *Sondergeld v. Town of Hubbardton*, 150 Vt. 565, 568 (1988). If that burden of production is met, there is a presumption that the appraisal is valid and the taxpayer has the burden to overcome the presumption. See *Kruse v. Town of Westford*, 145 Vt. 368, 371–72 (1985). "A taxpayer satisfies this burden when he introduces credible evidence fairly and reasonably tending to show that [the] property was appraised at more than its fair market value." See *id.* at 371–72. The taxpayer's burden of proof is not met by "simply impugning the [town's] methods or questioning its understanding of assessment theory or technique." *Id.* If the taxpayer meets its burden, the "presumption of validity disappears, and the town, to prevail, must produce evidence to justify the appraisal." *Leroux v. Town of Wheelock*, 136 Vt. 396, 398 (1978). In other words, the town must produce evidence demonstrating the validity of its fair market value determination. See *New England Power Co.*, 134 Vt. at 507. Even if the taxpayer refutes the presumption of validity, however, the taxpayer retains the burden of persuasion as to all contested issues. See *Sondergeld*, 150 Vt. at 568; see also *New England Power Co.*, 134 Vt. at 508.

As discussed below, TransCanada has produced sufficient credible evidence to overcome the presumption that the Town's valuation is valid. Therefore, the Court must determine whether the Town has demonstrated the validity of its fair market value assessment. In doing so, the Court remains mindful that where there is a conflict, TransCanada retains the burden of persuasion.

Overview of Findings and Conclusions

While the parties agree as to several significant drivers of value, and each expert relies principally on a discounted cash flow analysis (DCF) undertaken using similar methods, the resulting opposing valuations emerged with vast differences. Sansoucy ran a range of DCF scenarios and reconciled those with his comparable sales approach to arrive at a taxable value of \$108,495,400. To the contrary, Peaco's DCF returned a taxable value of \$67,000,000. Each expert stakes his considerable professional reputation on the opinion that his valuation most closely resembles the price a willing buyer and willing seller would reach in an arms-length transaction. Yet, the spectacle of two supposedly objective assessments of fair market value separated by more than 40 million dollars—more than one-third the taxable value claimed by the Town—makes unavoidable a certain skepticism regarding the relationship between each opposing opinion of value and the interest of the client who commissioned it.

Each party's expert testified supported by impressive qualifications. Yet, the incredibly low value proposed by TransCanada undermines the defensibility of its position as well as its

expert's credibility. To put matters in perspective at the outset, the \$67,000,000 asserted by TransCanada as the fair market value is well below any listed value of the Bellows Falls facility for more than a decade prior to 2012. In 2001, the Town's portion of the Bellows Falls facility was determined to have a fair market value of \$90,377,100. See *USGen New England, Inc. v. Town of Rockingham*, 2004 VT 90, ¶ 1, 177 Vt. 193.² It strains reasonableness to insist that the current value is more than twenty million dollars less than what it was in 2001. This is particularly evident when considering Sansoucy's comparable sales data. Even adjusting for Peaco's critique of certain aspects of that data, any reasoned view of the market it represents would place TransCanada's professed value far below the spectrum of likely sales prices. TransCanada offers no analysis of actual recent sales to support the price generated by Peaco's DCF.

As discussed more fully below, Peaco's choice of a capitalization rate is a significant factor yielding his conclusion that the entire facility is only worth \$84,000,000, of which \$67,000,000 represents the property on the Town's grand list. That choice exposes further credibility issues. Peaco used an internal rate of return calculation to arrive at his final value. That is, he began with the assumption that an investor would only be willing to purchase the Bellows Falls facility if the investor could receive a 12% return on its investment. See Tr. 5/11/15, 188. Peaco then employed his DCF to solve for the value of the facility that would allow a prospective purchaser to achieve a 12% rate of return. This postulated rate of return drives down Peaco's bottom line, but insisting upon it without sufficient evidence distorts the essential inquiry at issue in this tax valuation dispute—whether the listed value of the facility represents the price a willing buyer and seller would have agreed on in an arm's length transaction in 2012.

As TransCanada repeatedly argued, in 2012 energy prices were falling and hydropower was seeing increased competition from shale gas. Falling prices and increased competition would necessarily drive down the expected rate of return on a hydropower investment in 2012. See Tr. 5/12/15, 6. Thus, TransCanada's claim that Peaco's calculation represents a fair price for the Bellows Falls facility on April 1, 2012 is unconvincing. Unsupported by evidence of actual returns in the market at that time, the Court does not accept that the fair market value—the price the property would command in an arm's length transaction—can accurately be estimated for April 1, 2012, if that estimate requires a 12% rate of return.³ The Court is persuaded that an investor seeking to buy the Bellows Falls facility in 2012 would have been willing to accept a lower return on the investment than 12%, or likely would have been outbid. See Tr. 5/12/15, 100.

Supporting the Town's valuation, Sansoucy used both a DCF analysis and comparable sales approach to reach a fair market value estimate for the total facility of \$130,000,000. Sansoucy computed eight DCF scenarios attempting to account for the volatility in the energy market. In the eight scenarios, the disputed inputs—revenues, expenses, capitalization rate,

² The total value of the facility was determined to be about \$100,000,000. In that dispute, it was stipulated that 90% was attributable to the town of Rockingham.

³ When Sansoucy converted Peaco's DCF to a real estate DCF analysis designed to ascertain the market value of the facility, the value was substantially similar to Sansoucy's reconciled value for the Bellows Falls facility. See Ex. DD, HH.

and capacity—are kept constant. The various scenarios represent different forecasts for inflation and the escalation of energy prices. See Ex. T, narr., at 96. Sansoucy selected the median of the eight scenarios, a value of about \$116,000,000. He then took the average between that median DCF value and his comparable sales value of \$142,287,750 to reach his final fair market value estimate of \$130,000,000 for the entire facility, and \$108,495,400 for the Rockingham portion.

Considering the testimony of each expert, the complicated statistical reports on which each relies, and the imprecision associated with the many variables that drive fair market values for electrical generating facilities, it is obvious that the determination of an exact fair market value figure for the property at issue here is problematic. As Sansoucy's several models readily display, even a slight change in a seemingly minor variable such as the rate of inflation, can have a dramatic effect on the value of an asset over the course of several years. Accepting that any fair market value calculation is at best an exercise in informed estimation, the Court finds Sansoucy to be, decidedly, the more credible expert witness.

The Court acknowledges in the following discussion that Sansoucy's comparable sales analysis is susceptible to critique, arguably calling into question his reliance on it in reconciling his DCF analysis to arrive at his ultimate opinion as to value. Nevertheless, the Court finds Sansoucy's conclusion that the Bellows Falls facility on April 1, 2012 had a value of \$130,000,000, or \$0.50 per kilowatt hour-year (kwh-yr), to be an accurate and credible assessment of the fair market value of the facility, well supported by his DCF models as well as the comparable sales data he analyzed. By contrast, Peaco's proposed value of \$84,000,000, if placed in ratio to his presumed annual generation figure of 242,000 MWh, results in price conversion of less than \$0.35 per kwh-yr. This metric simply does not square with any reasonable construction of the actual sales data, as either expert's analysis of comparable sales demonstrates \$0.35 per kwh-yr is well below the price paid for significantly inferior facilities. Peaco's conspicuous use of variables to achieve such a low estimate thus casts fatal doubt on the DCF from which it results, and taints his credibility.

In the sections that follow, the Court will attempt to explain and discuss each expert's approach to valuation, including the various inputs and value drivers, and the persuasiveness of each analysis. For the reasons discussed below, the Court finds Sansoucy's analysis, including the inputs used in his model, to be credible and supported. Therefore, the Court finds the Town's assessment of the Bellows Falls facility at \$130,000,000, with \$108,495,400 taxable in Rockingham, is a valid determination of the fair market value of the subject property as of April 1, 2012.

Income Capitalization Approach

An income based approach to valuation attempts to derive a value estimate on the total present worth of all anticipated future benefits that arise from ownership of the property. "On a purely theoretical basis, income capitalization is probably the most accurate way to establish value, at least as to commercial properties, because it values property on the basis of what income it will yield to the purchaser-and income is the very reason for the purchaser to acquire the property." See *Beach Properties, Inc. v. Town of Ferrisburg*, 161 Vt. 368, 372 (1994). The experts here both conducted a discounted cash flow (DCF) analysis, taking the present value of

future revenues plus the present value of the terminal value of the asset, less costs and expenses over the same period. Sansoucy ran his DCF over 20 years. Peaco used a 37 year term for his DCF, covering the entire 30 year period he assumes will be the length of the renewed license. Each expert then discounted the total revenue stream back to present value as of April 1, 2012, applying his predetermined discount rate. The DCF method is a common method employed for power generation asset valuation and has been approved as a valid asset valuation method by the Vermont Supreme Court. See *New England Power Co. v. Town of Barnet*, 134 Vt. 498, 505–06 (1976).

Although each expert's DCF analysis employs the same general method—projected revenue, less expenses, discounted to present value—differences in the inputs and treatment of certain variables result in vastly different values. The major driver of the disparity is the dispute between the experts over the following inputs: the cost of capital, revenue from annual generation, annual expenses and capital expenditures, and the terminal value of the facility.

A. Cost of Capital and Discount Rate

The cost of capital is based on several components but, put simply, the term represents the cost of borrowing money to pay for the purchase of an asset. A lower projected cost of capital typically results in a higher estimated fair market value for a facility. In a discounted cash flow analysis, the cost of debt and equity, the ratio of debt to equity, and the discount rate derived from those values can have a major impact on present value of future earnings.⁴ Here, the disagreement over the appropriate cost of capital, including debt rate, debt to equity ratio, and return on equity, accounts for about an 11 million dollar share of the difference between each expert's opinion as to value as determined by the respective DCFs. See Tr. 5/12/15, 76.

In Sansoucy's DCF, he uses a debt rate of 6%, an equity rate of 10.5%, and a 50:50 debt to equity ratio. Sansoucy calculated the debt rate—the rate of interest on debt adjusted for the income tax savings from interest deductions—by analyzing financial reports of a number of major energy companies and comparing their reported debt payments to their overall debt. See Tr. 5/12/15, 77; see also Ex. T, Appendix I, 225–28. Sansoucy determined that a conservative estimate facing a potential purchaser on April 1, 2012 was a 6% debt rate. See Ex. T, narr., at 105. In other words, Sansoucy's DCF calculation assumes that a potential purchaser could borrow capital at an interest rate of 6%. For the equity rate, Sansoucy looked to the market to ascertain the achieved equity rate—the rate of return that investors were realizing on similar acquisitions—and found this rate was approximately 10.5%.⁵ Tr. 5/12/15, 78. Sansoucy then investigated the debt to equity split reported by recent purchasers of hydropower facilities, and concluded that an even split between debt and equity would accurately represent the strong financial structure that would be necessary for a potential purchaser of the Bellows Falls facility. Using the even debt equity ratio and the respective rates of debt and equity, Sansoucy found the weighted average cost of capital (WACC), which also accounts for the income tax

⁴ The cost of borrowing is one of the inputs used to derive the yearly cash flows in any DCF; it also is a component in deriving the discount rate applied to the sum of the cash flows in order to arrive at a discounted present value.

⁵ Sansoucy found Brookfield Asset Management's reported equity rate to be 10.1%. Brookfield Asset Management is a large owner of hydroelectric facilities similar to TransCanada, and provides a reasonable basis for comparison. Notably, Sansoucy's estimate of a 10.5% equity rate, slightly higher than Brookfield's reported return on equity, results in a lower present value than if he had simply adopted the 10.1% rate in his DCF analysis.

savings from interest deductions, was 7%. See Ex. T, narr., at 105. Sansoucy then adjusted the WACC to account for property taxes, achieving a discount rate of 8.6%. See Tr. 5/12/15, 78. Sansoucy's discount rate is actually more conservative than the discount rate reported by several corporations similar to TransCanada. See Tr. 5/12/15, 98.⁶

Peaco's cost of capital computation uses a debt rate of 7.3%, an equity rate of 12%, and 55:45 debt to equity ratio, resulting in a WACC of 7.8%. Peaco calculated his debt rate by adjusting the Baa bond rate, 5% in 2012, upwards by over two percentage points to 7.3%. Peaco claims that the higher debt rate is appropriate because of the small size of the project and because the project would be financed using non-recourse debt. See Ex. 15, 7. Peaco developed an initial equity rate of 11.67% by making certain risk adjustments to the risk free rate of 3%.⁷ See Ex. 15, tbl. 5. Peaco then rounded up to 12% as his final equity rate, as he concluded 11.67% was an overly conservative estimate for the rate of return expected on hydro power investments. See Tr. 5/11/15, 187.⁸

TransCanada makes several challenges to the Town's cost of capital. First, TransCanada argues that Sansoucy's debt to equity ratio fails to account for market realities. TransCanada contends that Sansoucy incorrectly assumes that a project like Bellows Falls would be financed equally on debt and equity. Instead, TransCanada asserts that large corporations seeking to purchase hydropower assets would rely more heavily on non-recourse financing, resulting in a higher debt to equity ratio. The Court is not convinced that Sansoucy's assumption as to the likely debt-equity split in his cost of capital assessment for the Bellows Falls facility is unreasonable. Peaco's unsupported testimony that Brookfield Asset Management would likely finance a project like Bellows Falls through non-recourse debt does not compel the conclusion that a 50:50 debt to equity split is flawed. See Tr. 5/11/15, 186.

TransCanada also attacks Sansoucy's 6% debt rate as artificially low. TransCanada claims that Sansoucy used below market rates to achieve the 6% debt rate, resulting in an overvaluation of the facility by failing to account for the true cost of financing. Primarily, TransCanada argues that Sansoucy's conclusion that TransCanada's debt rate for 2012 was 1.66% is erroneous and misrepresents the actual cost of borrowing. TransCanada's argument, however, mischaracterizes the debt rate Sansoucy used in his DCF. Sansoucy calculated his debt rate of 6% based on the reported debt payments made by TransCanada as well as similar corporations compared to their total reported debt. See Ex. T, Appendix I, 225–28. One data point used in his assessment was TransCanada's own reported long term debt compared to its long term interest payments, a rate of 1.66%.

TransCanada's challenges fail to demonstrate that Sansoucy's debt rate is invalid. TransCanada has not produced data to contradict Sansoucy's calculation, but instead claims the Court should disregard his calculations as flawed. Peaco's proposed rate, however, appears even less connected to the actual market. Peaco's debt rate of 7.3% is two percentage points

⁶ Brookfield Asset Management reported a discount rate of 6.7% in 2010 and 7.7% in 2011. See Ex. T, Appendix I, at 231.

⁷ The risk free rate is the Federal Treasury bond rate.

⁸ This .33% increase in the assumption for the equity rate results in a noticeable negative impact on the present value of the facility.

above the Baa corporate bond rate. See Ex. 15, tbl. 5. Peaco adjusts the bond rate upward in order to encompass what he describes as a risk premium. However, he does not explain why two percent is an appropriate adjustment nor does he attempt to verify his assumptions with financial data of comparable companies or market analysis.

The Court recognizes that there is no exact science informing calculations of the sort attempted here. In many instances, predictions regarding economic data, as well as the weight a prospective purchaser might give it, will remain the subject of honest differences of opinion between qualified experts. Here, Sansoucy was able to demonstrate a market basis for his debt and equity rates. While necessarily subject to some imprecision, the Court finds that the rates represent sound estimates and valid inputs to accurately achieve a reasonable fair market value. On the other hand, TransCanada's proposed values appear driven less by data with connection to actual market forces, and more by the impact each choice makes on suppressing the overall value. Although TransCanada offers alternative values for all relevant figures in its cost of capital analysis, Peaco's values do not warrant more credibility than those relied upon by the Town.

Finally, the assumption of a 12% equity rate is a principal driver of Peaco's DCF. The difference between Sansoucy's and Peaco's assumed equity rates is 1.5%, yet the impact of that difference on the final value is substantial. Peaco provides no market data for such a rate, but rather insists that it is appropriate based on his expert assumption of what an informed buyer would require. A 12% return on equity may be desirable, but TransCanada did not support this figure as realistic for April 1, 2012. As Peaco admitted when testifying, because of the downturn in the electric power market, it was reasonable to conclude that corporations would have lower expectations on rates of return. See Tr. 5/12/15, 6. Thus, TransCanada's proposed value appears chosen for its effect on overall value rather than presenting a credible assessment of actual market returns. The Court concludes that the Town's analysis of the cost of capital and its proposed discount rate provides an accurate reflection of the actual achievable rates in a competitive market by a similarly situated company.

B. Revenue

Each expert's annual revenue projection is largely derived from an annual generation figure multiplied by the predicted price of electricity for the particular year in the future. Although Peaco and Sansoucy use different programs for their price predictions, the projected price of energy is largely undisputed. The disparity in revenue figures is borne out almost entirely by divergent generation figures, accounting for about 8 million dollars of the difference between each expert's opinion as to value as determined by the respective DCFs.

In his calculation of annual generation, each expert took the same general approach; making certain assumptions about the generating capacity of the plant by using historical data regarding stream flows and patterns of plant operation, as derived from reports filed by the owners with FERC. The primary difference between the two experts' calculations derives from the number of years each expert considered to generate his average. Sansoucy predicted future generation would be 258,700 mwh, based on the average generation value for the years 2000 through 2011. Peaco's generation figure, 242,000 mwh, is derived from the average of the facility's generation totals between 1991 and 2011.

TransCanada argues that the Town's use of the 10 year average was improper and resulted in a higher generation figure than a buyer would consider in assessing fair market value, thereby inflating annual projected revenues. TransCanada contends that it is industry standard to use a longer 30-50 year look back period to develop the annual generation figures because a longer period better accounts for fluctuations in water levels and other short term hydrological phenomena. See Tr. 5/12/15, 184. Although the data behind its claim is not apparent in the record, TransCanada suggested at trial that the averages produced by Sansoucy's shorter historic generation model cannot be reconciled with TransCanada's actual annual generation for 2012, 2013, and 2014, claimed to be lower than either the 10 or the 20 year averages. See Tr. 5/12/15, 188. Nevertheless, the Town contends that the 10 year average is a reasonable approach and was employed in order to capture the evolving trends of increased rainfall on the Connecticut and increased efficiency and capacity at the facility.

As with many of the variables critical to this case, the span of years used to develop an average figure predictive of future generation involves a judgment about which informed experts could reasonably disagree. The Court, however, finds Sansoucy's use of a 10 year average to be a reasoned and supportable approach. As Sansoucy explained, TransCanada's ownership of the series of dams along the Connecticut River and the Connecticut Lakes allows the facilities to operate collectively to best optimize river flow. See Tr. 5/12/15, 26. Such a level of control and optimized river flow was not achieved, however, until 1997. See Tr. 5/12/15, 69-70. Further, the Bellows facility has seen increases in efficiency, with a capacity factor now at around 61%. See Ex. D. As Sansoucy articulated, the ten year average better captures the trend towards higher flows and increased efficiency at the facility. See Tr. 5/12/15, 115. In further support of the reasonableness of such assumptions, Sansoucy notes that in recent years TransCanada has stated a higher yearly generation figure of about 261,000 mwh while making estimates affecting its own internal financial decisions. See Ex. C.

Therefore, based on the data available and the expert opinions offered, the Court concludes that 258,700 mwh is an accurate estimate of the annual generation figure for the Bellows Falls facility that a prospective seller and buyer would use to determine a fair purchase price.

C. Expenses

In any discounted cash flow analysis, projected expenses must be deducted from projected revenues to calculate expected net income, and then net income discounted to arrive at fair market value. Differing treatment of various expenses can contribute significantly to differences in overall value estimates. Here, the experts' conflicting treatment of capital expenses accounts for about 8.4 million dollars of the difference between each expert's opinion as to value as determined by the respective DCFs. Their disagreement regarding the amount and treatment of projected costs of relicensing, results in further disparity as to ultimate value. TransCanada's questionable treatment of capital expenses and the unsupported and seemingly inflated value attributed to relicensing costs leads the Court to conclude that the Town's approach to expenses in its DCF analysis more accurately produces a reasonable estimate of fair market value.

i. Maintenance Costs and Capital Expenses

Sansoucy identifies three categories of expenses in his DCF: operation and maintenance expenses (O&M); administrative and general expenses (A&G); and capital expenditures (CAPEX). Generally, maintenance costs can be categorized as costs incurred on a yearly basis that are necessary to maintain the plant in working condition, whereas capital expenditures are costs associated with investments that have a useful life longer than a year. Capital expenditures typically result in some corresponding increase in value.

Sansoucy treats maintenance with a life of one year or less as O&M costs. In his DCF, Sansoucy allocates about \$55 per kilowatt of capacity, or 2.2 million dollars per year in the first year, to O&M costs. Sansoucy then assigns about 1% of the value of the facility per year to capital improvements with a life longer than one year, about 1.3 million dollars in the first year. Sansoucy testified that his resort to two categories of short and long term capital expenses is designed to account for sufficient capital necessary to maintain the facility's value, as of April 1, 2012, for the duration of its license. Tr. 5/12/15, 104. He further explained that allocating 1% of the value of the facility per year to capital expenditures was comparable to what similar companies were spending on capital projects and would increase appropriately as the value of the facility increased. See Tr. 5/12/15, 89–90.⁹ Sansoucy also includes 1.5 million dollars in expenses associated with the expected costs of relicensing in 2018 and amortizes the expense over the life of the license.¹⁰

TransCanada argues that Sansoucy's treatment of a capital expenses fails to account for the significant costs that will be borne by TransCanada in the upcoming years for needed and planned capital improvements, and fails to allocate sufficient resources in order to maintain the value of the facility. In his treatment of expenses, Peaco relies on the reported capital expenditures of Shaun Keniston. Based on Mr. Keniston analysis of costs, Peaco's DCF includes two categories of capital expenses; one line for baseline capital expenditures—recurrent type costs that the facility could expect to incur yearly,¹¹ and a second line for large one time capital expenses expensed in the years they are planned.¹² See Tr. 5/11/15, 47–57; Ex. 10 and 15. The one time capital expenses include projects to overhaul the facility's three turbines and to repair concrete on various portions of the dam. See Ex. 10; Ex. L. Peaco also includes a separate expense column in his DCF for operations and administrative costs. See Ex. 15, Attachment 4.

In response, the Town contends that Sansoucy's DCF does not include the extraordinary capital expense line proposed by TransCanada because Sansoucy's baseline is much higher than

⁹ The expenses are also increased over the DCF term to account for inflation. See Ex. T., narr., at 102.

¹⁰ Sansoucy amortized the relicensing costs over the length of the forty year license, resulting in relicensing expenses of \$38,000 per year. See Tr. 5/12/15, 89. He explained that such allocation is appropriate as that is how the costs would be reported to the IRS and how similar corporations treated relicensing expenses in their annual reports. See *id.* at 200–01.

¹¹ Mr. Keniston testified that he derived this number from analyzing the capital expenditures for all of TransCanada's hydro facilities, excluding the Vernon facility, and then subtracted the large one time capital items to derive an average baseline capital expenditure. See Tr. 5/11/15, 59.

¹² These are the planned large capital projects. See Ex. C and D.

Peaco's, and more fairly captures the impact on income necessary to appropriately account for future capital improvements. Moreover, Sansoucy insists that subtracting the full cost of the large capital expenditures from projected revenue to arrive at a discounted value, does not appropriately account for the likely added value of the capital investment. See Tr. 5/12/15, 103–04, 106. As Sansoucy explained at trial, if seven million dollars is planned for a turbine rewind, it would be fallacious accounting to simply deduct seven million from revenue without recognizing the corresponding increase in value the investment will return. *Id.* at 104. This increased value could be recognized in efficiency improvements or additional generation and necessarily adds value to the facility. See *id.* at 105. As Sansoucy credibly testified, "the appraisal of real estate is very clear that you have to be very cautious with capital investments and capital improvements, to the extent that they add value to the property they should not be expensed from revenue, thereby reducing the property value as a result." *Id.* at 106.

The Court is persuaded by Mr. Sansoucy's explanation of the appropriate treatment of capital expenses. Without recognizing the added value a capital improvement will produce, fully deducting the cost of a large capital improvement will artificially devalue the asset. See Ex. Y, 487. TransCanada's approach, therefore, is flawed on its face. TransCanada's attempts to challenge Sansoucy's yearly allocation of capital expenses fail to convince the Court that his approach is unsound. Even assuming the accuracy of Mr. Keniston's report of planned expenses, TransCanada's treatment of those expenses would artificially devalue the facility by the planned amounts without recognizing the significant added value of the capital expenditures. See Ex. C and D. Thus, the Court rejects TransCanada's treatment of capital expenditures in favor of the Town's more credible presentation.

ii. **Protection, Mitigation and Enhancement Costs (PM&E)**

PM&E expenses are associated with certain requirements imposed by FERC, often with input from state and local authorities, which may accompany relicensing. TransCanada maintains that Sansoucy's PM&E expenses are artificially low and inappropriately spread the cost of relicensing out over the term of the DCF, when the costs would actually be borne in the year they are incurred. TransCanada argues that Peaco's figure of 4.7 million dollars is a more accurate estimate of likely PM&E expenses. TransCanada offers little support, however, for the 4.7 million dollars in PM&E that Peaco subtracts from his final DCF value, and the Court is unpersuaded that such significant cost is a reasonable estimate of likely relicensing expenses. Moreover, Peaco's treatment of PM&E costs, a onetime reduction in the final value of his DCF, overstates the impact on the fair market value that any relicensing costs will have.¹³

When asked through interrogatories, TransCanada could not identify any specific PM&E measures expected for the 2018 relicensing. See Tr. 5/12/15, 118. While the Court recognizes that predicting what FERC may require in relicensing cannot be definitively ascertained, without any support it is difficult to accept that PM&E costs for the 2018 relicensing will be comparable

¹³ Instead of including the 4.7 million as an expense within the workup of net income analyzed by his DCF, Peaco simply reduces his final DCF value by 4.7 million dollars. See Tr. 5/11/15, 170, 172. Peaco's treatment of the PM&E costs thus decrease the value of the facility significantly more than if the expenses had been amortized over the length of the license, or over the several years that any mitigation projects would be carried out. TransCanada provided scant explanation for this approach.

to the relicensing costs hydropower facilities were experiencing 20 years ago under standard relicensing procedures. See Ex. 12. Moreover, many of the significant improvements that could be expected to be part of relicensing, such as the installation of a fish ladder, were completed as part of the 1979 relicensing, and TransCanada has failed to identify any major additional improvement that will likely be required. See Ex. BB; Tr. 5/12/15, 202–04. Indeed, the 2001 FERC study that TransCanada relies on to support its \$100/kw cost of relicensing figure, actually cuts against TransCanada’s position. See Ex. 12. The integrated relicensing process, the process TransCanada expects in the upcoming relicensing, resulted in much lower PM&E costs for facilities undergoing relicensing than the value Peaco deducts from his DCF. See TR 5/11/15, 213–14. Furthermore, in relying on the 2001 FERC study, TransCanada does not differentiate the costs incurred by facilities undergoing their first relicensing compared to those undergoing a subsequent relicensing, like the Bellows Falls facility. There is no reason based on the current record to assume that relicensing costs will be equivalent for those facilities that must implement significant improvements to meet FERC’s river quality requirements, compared to facilities that have already implemented upgrades to comply with previous relicensing requirements.

Therefore, the Court finds Sansoucy’s modest PM&E expenses amortized over the life of the license, in conjunction with his sizeable yearly O&M expense allocation, more plausibly accounts for the likely costs and risks associated with relicensing.

D. Terminal Value

Sansoucy’s DCF is based on a model that analyzes a revenue stream less expenses, and then includes an assumption as to the remaining value of the facility at the end of the term of the DCF. Tr. 5/12/15, 90. The inclusion of a terminal value in Sansoucy’s DCF has a large impact on the present value of the facility and is intended to reflect the reasonable expectation that after twenty years, the length of the DCF term, the facility will still be operating and producing significant revenue. In the last year of Sansoucy’s DCF, 2031, he estimates that the Facility will generate a net operating cash flow of \$22,725,000. See Ex. T, 3. Sansoucy then capitalizes the after tax net operating cash flow at a rate of 9% and concludes that a reasonable estimate of the facility’s value in year 2031 would be about \$176,000,000. Discounted back to 2012, the terminal value represents about \$33,000,000 in 2012 dollars. See Ex. X, DCF 1.

TransCanada contends that no terminal value should be included in the present value of the facility, and that Sansoucy’s inclusion of over 30 million in his DCF greatly inflates the fair market value of the facility. TransCanada argues that the useful life of the facility will run until the expected 30 year license expires in 2048, but no value should be attributed to the facility at that point because of the “uncertainty related to potential capital improvement requirements and operating restrictions in the FERC licensing process.” Ex. 15, at 5. In addition, TransCanada contends that significant capital expenditures would be necessary in 2048 to continue operations beyond that point, thus any remaining value would be offset by those expenditures. Alternatively, TransCanada argues that if any reversionary value is to be included it should be small, about two million dollars, considering that any modest remaining value in the plant 37 years out when discounted to present value is near negligible.

The Court rejects TransCanada's assertion that no terminal value of the facility should be included in the current valuation. Initially, there is no evidence presented indicating it is reasonable to assume the useful life of the plant will only extend until 2048. Many FERC licenses are for forty years, and TransCanada provides no rational for why the facility will be unable to operate beyond 2048. Furthermore, Mr. Keniston's capital expenditure projection depicts capital expenditures through the final years of the expected license. See Ex. 10. It is simply not credible to believe that a company that believes the end of the useful life of its asset is only a year or two away, would continue to invest a significant sum in capital improvements. See *Wheelabrator Bridgeport, L.P. v. City of Bridgeport*, 2013 WL 3769393, *11 (Conn. Super 2013) (finding expert's opinion that plant would be worthless in 2037 and thus no terminal value should be included in DCF, not credible considering company budgeted for capital expenses in the years leading up to 2037).

The Court finds Sansoucy's inclusion of a terminal value in his DCF to be supported and persuasive. While TransCanada contends that Sansoucy's terminal value is inflated, TransCanada fails to provide any reasonable alternative approach to terminal value. TransCanada's claim that there should be no terminal value, or only minimal terminal value, recognized in the DCF, is simply at odds with a realistic assessment of the facility's likely substantial remaining value in year 2048. Thus, based on the evidence available, the Court cannot conclude that Sansoucy's calculation is improper.

Comparable Sales Approach

In addition to the income capitalization method (DCF), Sansoucy also conducted a comparable sales analysis as an additional tool to determine the fair market value of the Bellows Falls facility. The comparable sales approach looks at the prices which comparable properties commanded on the open market. The analysis then requires adjustments to extrapolate from the sales of comparable facilities a value for the subject property, taking into account any qualitative and quantitative differences between that property and those selected as comparables. The comparable sales approach is a well-recognized analytic method in real estate appraisal.

Sansoucy compared 12 sales of hydro facilities from 2007-2011. From the data associated with these sales, he sought to develop a metric which would allow a useful and fairly straightforward comparison. Thus, he extracted from information regarding sales price and known generating capacity, an average and median price per kilowatt hour/yr (kwh-yr) associated with the sales of those hydroelectric facilities in order to generate a baseline price representative of the New England hydroelectric market.¹⁴ Sansoucy determined that the

¹⁴ This table reproduces the relevant portions of Sansoucy's comparable sales data used to develop his mean and median price/kwh. See Ex. T, narr., tbl. 12

Plant	State	Sale Date	Sale Price (\$)	Net Capacity (MW)	Annual Generation (MWh)	Sale Price per Kwh-yr. (\$)	Capacity Factor
Glen Falls	NY	8/1/2007	27,000,000	12.0	66,252	0.41	63%
Sebec	ME	11/30/2007	1,750,000	.867	3,140	0.56	41%
Stillwater *	NY	No final sale	9,300,000	3.15	14,000	0.66	51%
Stillwater	NY	9/5/2008	9,410,000	3.15	14,000	0.67	51%

average price per kilowatt hour/yr was \$0.51 kwh-yr and the median was \$0.50/kwh-yr. See Ex. T, narr., tbl. 12. Using the average as his baseline, Sansoucy then adjusted the price for the Bellows Falls facility upwards to \$0.55/kwh-yr based on quantitative and qualitative factors he felt rendered Bellows Falls a more desirable facility than many of the comparables. Assuming a price of \$0.55/kwh-yr, Sansoucy found that Bellows Falls had a fair market value of \$142,287,750 as of April 1, 2012.¹⁵

TransCanada raises several challenges to Sansoucy's comparable sales approach, and urges the Court to reject his sales comparison entirely and rely only on the income capitalization method to determine fair market value. TransCanada challenges Sansoucy's comparable sales base price metric—the price per kwh-yr—arguing that it is flawed because: he did not adjust for the change in market from 2007 to April 1, 2012; he did not adjust for the size of the facility when many of his comparables were a fraction of the capacity of the Bellows Falls facility; he failed to account for sales that included power market contracts that would drive the sale price up; he erroneously used sale offers that never closed; and double counted several high value sales. TransCanada also argues that Sansoucy's upward adjustment from the baseline price attributed additional value to the Bellows Falls facility without any rationale based on a reasoned assessment arising from his comparable sales data.¹⁶

Acknowledging that, as with many appraisals based on comparable sales, certain adjustments based on the appraiser's expert assessment may be critiqued as subjective, the Court rejects TransCanada's argument that Sansoucy's comparable sales approach should be completely disregarded. Certainly, as supported by the literature cited by TransCanada, reliance on a survey of purportedly comparable sales must be approached with caution when determining the fair market value of specialized properties like hydroelectric facilities. See

Gilman	VT	12/11/2008	9,000,000	4.85	22,311	0.40	53%
Little Quinnesec Falls	WI	3/23/2009	22,000,000	9.1	51,978	0.42	65%
Elsworth, Medway, Milford, Orono, Stillwater, West Enfield	ME	11/2/2009	95,000,000	31.88	186,786	0.51	67%
Glen Park	NY	3/18/2010	80,100,000	33.0	167,390	0.48	58%
Kimberly	WI	4/1/2010	6,100,000	2.7	10,428	0.58	44%
DuBay, Stevens Point, Biron, Wisconsin Rapids, & Whiting	WI	01/05/2010	70,000,000	33.3	140,751	0.50	48%
Otter Creek & Center Rutland	VT	9/1/2011	28,250,000	18.1	67,258	0.42	42%
Newfound**	NH	No Final Sale	3,000,000	1.5	5,829	0.51	44%

* The first value listed for the Stillwater facility near Albany, New York, was only a sale announcement. See Tr. 5/12/15, 41. A sale for the same facility was finalized at different price. Sansoucy included both in his comparables.

** This was an offer. The eventual sale price was for 2.6 million dollars.

¹⁵ The value is computed based on the annual generation figure used in Sansoucy's DCF, 258,700,000 kwh.

¹⁶ Sansoucy found that aspects such as the facility's on peak off peak ratio and capacity for ancillary revenue warranted an upwards monetary adjustment above the baseline. See Tr. 5/12/15, 66. TransCanada challenges the adjustment, arguing there was no information about whether the comparables also had ancillary revenue capacity.

generally, Mark Pomykacz and Chris Olmsted, *The Appraisal of Power Plants*, Appraisal J., July 1, 2014. Often, the relatively few numbers of sales in the region, or the lack of publicly available information about the economic factors of the transactions, renders the effort to assess comparable sales an imprecise gauge of the market for the specific asset in question. See *Mirant New York, Inc. v. Town Of Stony Point Assessor*, 824 N.Y.S.2d 756 (Table), No. 4357/00, 2006 WL 2559525, at *16 (N.Y. Sup. Ct. Aug. 28, 2006). Nevertheless, sales of comparable properties may provide a reasonable measure of the value a buyer and purchaser are willing to accept, and may be used to gauge the soundness and accuracy of values generated by a revenue analysis (DCF). See *Vermont Elec. Power Co., Inc. v. Town of Cavendish*, 158 Vt. 369, 372–73 (1992); see also *860 Fifth Ave. Corp. v. Tax Commission of City of New York*, 167 N.E.2d 455, 456 (1960).

Despite the recognized limitations of a comparable sales approach with respect to hydroelectric facilities, the Court finds that Sansoucy's sales comparison provides reasonable support for his valuation of the fair market value of the Rockingham portion of the Bellows Falls facility at \$108,495,400, which is about \$0.50/kwh-yr applying the metric derived from the comparable sales data.

Sansoucy derived his baseline price from 12 sales, offers, or sale announcements. Sansoucy also considered two other large hydro sales, but as the sales occurred after the valuation date, he did not include these in his price calculation.¹⁷ TransCanada argues that the sales portray an inaccurate picture of the market for the Bellows Falls facility on April 1, 2012, because many of the sales took place when the market was more robust, and those sales closer in time were for much smaller sized facilities or for hydropower facilities in markets dissimilar to New England. Further, TransCanada highlights that Sansoucy's sales comparison includes a sale announcement and a sale offer, neither of which closed at the reported price, skewing his data to suggest the market was more favorable than in actuality.

As recognized by our Supreme Court, an appraisal is "far from an exact science." See *Bowen v. Town of Burke*, 153 Vt. 131, 133 (1989). Ultimately, the Court does not consider the sales in Sansoucy's comparables analysis to be so distinguishable as to be unrepresentative of the average value per kilowatt hour-year on April 1, 2012, as applied by Sansoucy to determine the fair market value of the Bellows Falls facility.

Certain of TransCanada's criticisms, if corrected for, have little measurable impact on Sansoucy's analysis. For example, as one of his comparable sale values, Sansoucy included the announced sale price for the Stillwater facility in NY, and as a separate value he included the later sale of the same facility. See Ex. T, narr., tbl. 12. Sansoucy also included an offer for the

¹⁷ One of the sales Sansoucy considered was a sale in the fall of 2012 in which Brookfield Asset Management purchased several hydroelectric facilities in Tennessee for 600 million dollars or \$0.45/kwh-yr. The second was another fall of 2012 sale, where Brookfield purchased seventeen hydro facilities in Maine for a total of 760 million dollars, or \$0.475/kwh-yr. Although it was not within the identified comparable sales included in his chart, Sansoucy credibly testified that both Tennessee and Maine were areas of typically lower electricity rates, thus the sales were good indicators of the lower range of value a facility like Bellows would command on the open market. Tr. 5/12/15, 59. Sansoucy also explained that Brookfield has a power marketing arm like TransCanada, so the price Brookfield pays is very similar to what TransCanada would likely pay or receive for its hydro facilities. Tr. 5/12/15, 62.

Newfound hydro facility in Bristol, New Hampshire for \$3,000,000. The offer was rejected in 2011, and the sale eventually went through for 2.6 million dollars, but the eventual sale was not included. If both these inputs are excluded, however, the average price is only reduced to \$0.495 Kwh-yr. Thus, the Court is not persuaded that Sansoucy lacked sufficient support for the metrics derived from his sales comparison approach.

Beyond its argument that the data as to comparable sales are too unreliable to support any conclusion as to value, TransCanada is particularly critical of Sansoucy's upward adjustment to \$0.55/Kwh-yr from the average metric derived from the comparable sales. TransCanada insists that the price increase to \$0.55/Kwh-yr is not sufficiently established for the Court to accept Sansoucy's conclusion that \$142,287,750 is the fair value of the Bellows Falls facility justified by his comparable sales analysis.

Sansoucy explained that there were five primary factors influencing his further adjustments to the average price per kwh-yr established by the range of comparable sales; on-peak versus off-peak generation differential, ancillary revenue differential, any renewable energy credit revenue differential, production tax credits, and qualitative benefits such as centralized automation, water storage, and self-ratings exceeding the installed capacity. See Tr. 5/12/15, 64. Sansoucy initially made a 5% upward adjustment to the baseline price based on qualitative factors such as TransCanada's control of the river and ability of the facility to use the water in the river. See Tr. 5/12/15. Sansoucy then made an additional upward adjustment to reach the \$0.55/kwh-yr value based on the facility's ancillary revenue capacity that Sansoucy concluded made the facility more desirable than the average comparable.

Sansoucy's assessment that the Bellows Falls facility is generally a more desirable hydroelectric facility than the average plant is well supported. Despite TransCanada's criticism of his reliance on that conclusion to make an upward adjustment to his metric, the Court is not persuaded that TransCanada has made a sufficient demonstration that such an adjustment based on expert assessment must be entirely disregarded as lacking support.

Importantly, however, even setting aside Sansoucy's upward adjustment, the comparable sales analysis produces an average price of almost \$0.50/kwh-yr. This value aligns with the Town's proposed fair market value of \$130,000,000, applying \$0.50/kwh-yr to the generation figure derived by the Town in its DCF. Therefore, even with adjustments to address TransCanada's critiques, the comparable sales analysis supports the conclusion that the portion of the Bellows Falls facility taxable in Rockingham was properly valued at \$108,495,400 as of April 1, 2012.

The Court is satisfied that the Bellows Falls facility in 2012 would have achieved at least the average sale price commanded by hydropower facilities in New England. Indeed, in Peaco's own analysis, he concludes that a range between 40-50 cents per kilowatt hour is a reasonable range for the Bellows Falls facility based on comparable sales. See Ex. 15, Attach 6, Fig. 1. While the comparable sales analysis is not offered to demonstrate the precise dollar valuation of the Bellows Falls facility, Sansoucy's analysis credibly provides a reasonable indication of relative market value, which he justifiably employed as a check on his DCF analysis. Moreover, the comparable sales data makes abundantly clear that TransCanada's proposed value of

\$84,000,000, or about \$0.35/kwh-yr, is likely disingenuous, representing a vast undervaluation of the facility by any reliable method.

Conclusion

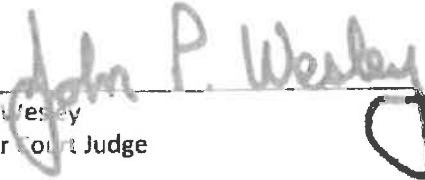
The Court finds that the Town has produced sufficient reliable evidence of its fair market value assessment of the Bellows Falls hydroelectric facility at \$130,000,000, yielding the value of the portion in Rockingham at \$108,495,400. See *supra* note 1. In finding the Town's proposed value adequately supported, the Court is persuaded by Sansoucy's overall superior credibility. As discussed, the Court found Sansoucy's method and choice of input values convincing, and his credibility was bolstered by his analysis attempting to account for several variables incapable of exact prediction, as well as by his use of comparable sales data as a check on his DCF analysis. By contrast, TransCanada's resort to inputs and analysis resulting in a valuation far below prior years' assessments, and at great variance with recent sales data, undermined the credibility of Mr. Peaco and any reliance on his analysis.

The Court acknowledges that the \$130,000,000 valuation proposed by the Town is the reconciled value between Sansoucy's median DCF scenario and his comparable sales value. Despite TransCanada's insistence that this method of arriving at a fair value is insufficiently supported, the Court disagrees. First, it bears noting that although the median DCF scenario returning a value of \$116,000,000 was the most extensively discussed in Sansoucy's analysis, several of his DCF scenarios assessed the Bellows Falls facility at a value above \$130,000,000. See Ex. T, Append. O. Although Sansoucy initially chose his median DCF to reconcile with the comparable sales, it was Sansoucy's ultimate conclusion that a fair market value estimate for the Bellows Falls facility could conservatively be set at \$130,000,000 that the Court finds persuasive and well-supported by the entirety of Sansoucy's analysis, particularly since it also finds support in consideration of the comparable sales data.

Finally, the Court gives determinative reliance to the valuation opinion of Mr. Sansoucy because TransCanada presented no credible alternative fair market value. As the Court has previously noted, a property value assessment is not an exact science, and disparity between opinions as to the reasonable valuation of a hydroelectric plant is unsurprising. Here, however, the Court must conclude that only one reasonable value was proposed. The value TransCanada proposes is irreconcilable with the great weight of evidence and testimony presented in this matter, and TransCanada's blatant undervaluation of the facility compels the Court to resolve any doubts arising from the inevitable limits on precise predictions in favor of the Town. The Court finds, therefore, that \$130,000,000 is a supported and reliable estimate of the fair market value of the Bellows Falls facility as of April 1, 2012, yielding a fair market value for the stipulated portion of the facility taxable in Rockingham as \$108,495,400.

WHEREFORE, it is hereby **ORDERED** : The Listers shall set the appraised value of Appellant's hydropower facility located in Rockingham in the grand list at \$108,495,000.

Electronically signed on August 21, 2015 at 03:50 PM pursuant to V.R.E.F. 7(d).



John P. Wesley
Superior Court Judge

8/21/15 – Filed and forwarded to counsel by x-mail.

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