

Assessed value of Bow power plant drops nearly \$50 million; tax rates to spike



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Transmission lines lead from unit 1 of Merrimack Station. (ALEXANDER COHN / Monitor file) [Purchase photo reprints at PhotoExtra >](#)
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The assessed value of the Merrimack Station power plant dropped nearly \$50 million this year, which could mean more than a 4 percent increase in the property tax rate in Bow.

The tax rate for property owners in Bow is \$29.07 per \$1,000 in assessed property value, Town Administrator David Stack said. The town submitted its property assessments to the state Department of

Revenue on Friday, and based on those numbers, Stack estimated the new tax rate will be \$30.28 per \$1,000 in assessed property value.

That would mean a 4.16 percent increase in the property tax rate from 2012.

When writing the 2013 budget, the town estimated the property tax rate would increase this year by 0.72 percent to \$29.28 per \$1,000 in assessed property value.

The tax rate should be finalized and property tax bills mailed by the end of this month. Assessed values of residential properties stayed level.

“It’s about a dollar more per \$1,000 than anticipated,” Stack said.

The property tax rate has increased unexpectedly because of a dramatic decline in the assessed value of the Merrimack Station power plant, run by Public Service of New Hampshire, Stack said.

In 2012, the River Road plant was assessed at \$143.5 million. This year, Stack said the plant’s value has been assessed to be \$93.5 million. The decrease in value amounts to \$49.5 million.

“All of the public service properties are about 17 percent of our tax base,” Stack said. The power plant “is one of our largest ones.”

George Sansoucy, who assessed the power plant, said he calculated its value based on the forecast for both coal and natural gas prices, as well as the amount of electricity that could be sold.

In 2012, the price of natural gas and the rates for electricity did not rise, but the price of coal shot up. That left the plant in “a squeeze,” Sansoucy said.

“All that has meant that the Bow power plant in 2012 operated at least in the order of 35 to 40 percent less than it was forecasted to operate,” Sansoucy said. “The 2013 forecasts aren’t any better.”

In September, PSNH filed a lawsuit challenging that 2012 assessed value of the power plant. According to court documents, the company has alleged the town’s value for last year was already set too high.

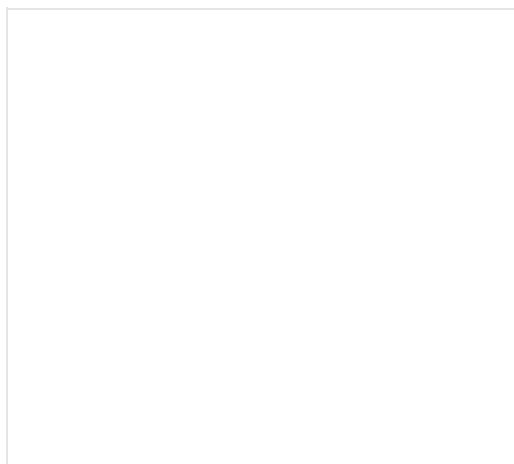
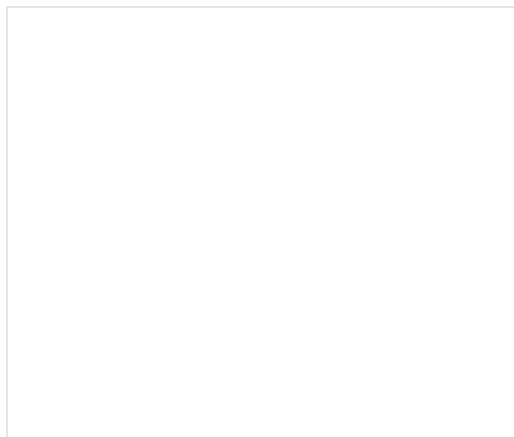
The assessment “does not adequately reflect the change in the energy market” and their impact on the plant’s operations, the lawsuit states.

In the suit, PSNH asks for an abatement of a portion of more than \$5 million paid in taxes to the town last year. That case is still being considered in superior court.

As Bow town officials approach their 2014 budget, Stack said he has proposed several adjustments to make cuts based on the change in the power plant’s value.

His suggestions included eliminating several vacant positions that should have been filled by new hires in the next year, including one position for a police officer, and a decrease in the salary proposed for the town’s call firefighters.

When the next budget is brought to the town meeting, it will still include a plan to build a



new public safety facility in Bow. Last year, voters rejected a \$7.7 million plan for that building, but Stack said town officials have been working to cut the cost for that project in a new proposal.

“We’ve now at least had the extra time to really go through the building and look at wants versus needs,” Stack said.

Other plants across the country are having similar challenges generating income, Sansoucy said, and Bow is one of many towns that could see a subsequent impact on its tax base.

“It’s a serious problem throughout the United States at this point, especially for the communities these plants reside in,” Sansoucy said.

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