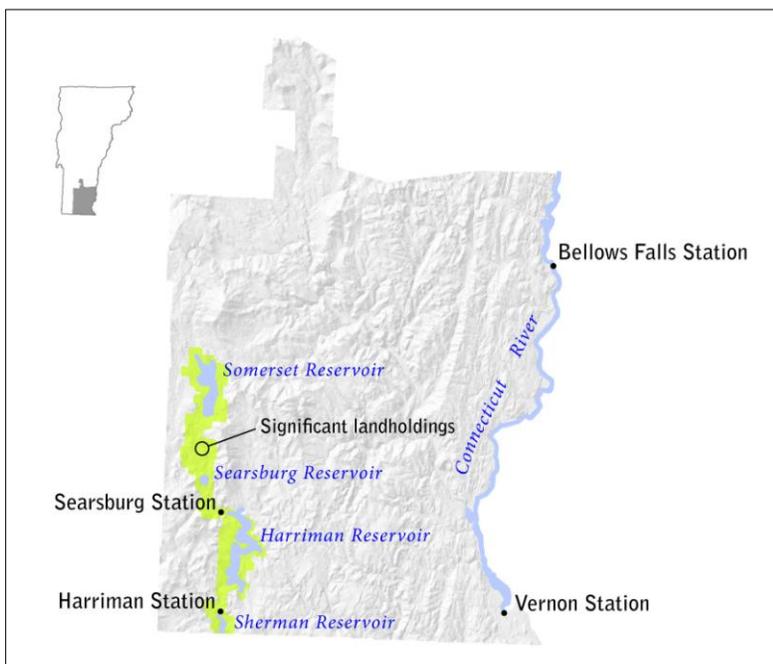




Testimony Before the House Fish, Wildlife & Water Resources and Natural Resources & Energy Committees on the Sale of TransCanada Properties on the Deerfield and Connecticut Rivers

April 7, 2016

My name is Susan McMahon, and I am the Associate Director of the Windham Regional Commission (WRC). Our Executive Director, Chris Company, is away at the Federal Policy Conference of the National Association of Development Organizations in Washington, DC where he has been asked to speak about changes in the energy industry, and the socioeconomic and site clean-up impacts on host regions when power plants close. On behalf of the Commission, I want to thank the Fish, Wildlife & Water Resources and Natural Resources & Energy Committees on holding this hearing about the sale of TransCanada's hydroelectric holdings in New England.



The WRC's mission is to assist towns in Southeastern Vermont to provide effective local government and work cooperatively with them to address regional issues. Our region includes 27 towns in Windham, Windsor, and Bennington Counties over an area of approximately 920 square miles. TransCanada has significant holdings in our region on the Deerfield and Connecticut rivers, and these holdings are in 12 of our towns: Stratton, Somerset, Searsburg, Wilmington, Readsboro, Whitingham, Vernon, Brattleboro Dummerston, Putney, Westminster and Rockingham. This

includes land, impoundments, flowage rights, as well as power generating infrastructure.

According to the grand list data TransCanada owns 20,344 acres in the Windham Region, which includes land and water/reservoirs (does not include flowage rights). The TransCanada acreage in the Connecticut River and Deerfield River Basins is as follows:

- Connecticut River Basin: 842 acres (does not include flowage rights)

- Deerfield River Basin: 19,502 acres (includes 2 reservoirs which total about 3500 acres, so about 16000 acres of land only)

The impact of a sale, whether the state purchases the facilities or not, will impact these towns and we urge the state to actively engage with them throughout its deliberations. We also ask that the state engage with the Windham Regional Commission. We need to be aware of what the thinking is among the state agencies and political leadership, and we believe the state would benefit from our decades of local knowledge about these facilities, and our region-wide perspective.

We recognize it has been little more than a week since TransCanada announced its intention to sell its hydroelectric stations on the Connecticut and Deerfield Rivers. The WRC has not had time to deliberate upon the pros and cons of a state purchase of these facilities, nor have we had time to consult with our towns. We believe it is fair to assume that there is considerable diversity of opinion on the topic both among and within our towns. The WRC is exploring the best way to survey our municipal stakeholders to get a sense of the issues.

The WRC has recognized the following issues related to a possible state purchase:

- Fiscal impacts associated with tax assessments on facilities and property. For several towns TransCanada is the largest taxpayer. The state education grand list, as well as municipal grand lists, are significantly impacted by the valuation of single owner properties on the scale of TransCanada. In some towns these TransCanada properties are as much as 25% (Rockingham), 45% of the Bellows Falls Village, to 90% (Somerset) of the grand list. The state should work with municipalities as partners. It should understand the fiscal contribution of these facilities to each municipality's tax base and establish a fair, equitable, transparent, cooperative and predictable revenue distribution system. Municipalities must not be fiscally or financially worse off as a result of a state purchase of the TransCanada facilities.
- Land, water quality, and ecological impacts. The State of Vermont would have the opportunity to manage power generation and the operation of the hydropower facilities in a manner that stabilizes the banks of rivers and impoundments, reduces erosion, and promotes better habitat for fish and wildlife.
- Recreation. TransCanada lands are home to picnic areas, parking areas, water sports-related facilities such as boat launches, VAST snowmobile, hiking trails and significant stretches of the Catamount Trail. Statewide the TransCanada portion of the Catamount Trail, a cross-country ski trail running the length of Vermont, is nearly one-tenth of the trail's mileage. The impoundments on the Deerfield are some of the largest in the state, with Harriman Reservoir at 2,040 acres and Somerset Reservoir at 1,568 acres. Harriman Reservoir is the second largest lake found entirely within Vermont. The opportunity exists to build upon these resources for the benefit of Vermonters and as a recreation destination for visitors. Recreation quality relates directly to the aforementioned land, water quality and ecological impacts. The state should consider the direct,

indirect and induced economic activity associated with the management of the TransCanada lands and waters as high-quality recreation assets for multiple uses (fishing, hunting, skiing, boating, hiking, biking, etc.).

The purchase of the TransCanada facilities on the Deerfield and Connecticut Rivers has been deliberated before. We hope the state will take a realistic and visionary approach to this new opportunity. It should take into account the balance of operation and maintenance costs with revenue; the opportunity to generate renewable energy while improving the water quality and ecology of the Deerfield and Connecticut Rivers and adjoining lands; and the costs associated with the acquisition and management of new outdoor recreation assets and the potential for those assets to be managed in such a way that southern Vermont's reputation as a recreation destination is further enhanced. In all of its deliberations the state should engage with the affected municipalities as partners with an eye towards their fiscal, financial, economic, environmental and ecological well-being.