

**BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF NEW HAMPSHIRE**

City of Nashua: Taking Of Pennichuck Water Works, Inc.

Docket No. DW 04-048

Direct Testimony of Russell W. Thibeault

January 12, 2006

1 **Q. Please state your name and business address.**

2 A. My name is Russell W. Thibeault. My business address is 109 Court Street,
3 Laconia, New Hampshire 03246.

4 **Q. What position do you hold?**

5 A. I am President of Economics Research, Inc., a firm that I founded in 1976 that
6 provides real estate appraisal and economic consulting services to public and
7 private clients.

8 **Q. What is the purpose of your testimony?**

9 A. I was retained by counsel for Pennichuck Water Works, Inc. ("PWW") to
10 determine the fair market value of PWW's fee parcels and cross country
11 easements as of the date of taking. During the course of my work, I coordinated
12 my efforts with Robert F. Reilly, who is conducting the overall business
13 enterprise valuation of the PWW system. I understand that Mr. Reilly will utilize
14 the results of my land value appraisal as one component of the business enterprise
15 valuation. In that regard, I fully apprised Mr. Reilly of the scope, substance and
16 results of my analysis. Since the date of taking is not likely to occur until 2007, I
17 am providing values as of December 31, 2005. My opinion of fair market value
18 of the land parcels and cross country easements can be updated when the date of
19 taking is known.

20 **Q. Please describe some of your qualifications?**

21 I am a Certified General Appraiser licensed by the New Hampshire Real Estate
22 Appraiser Board (License #NHCG-4) and have been qualified as an expert
23 witness in the U.S. District Court for the District of New Hampshire, the U.S.

1 Bankruptcy Court, the New Hampshire Board of Tax and Land Appeals and in
2 most of the Superior Courts in New Hampshire. I have conducted appraisal or
3 consulting assignments in over 30 states.

4 **Q. Can you provide an overview of the process that you followed and the type of**
5 **real estate that you valued?**

6 A. Yes. First, I reviewed property assessment records in all eleven communities in
7 which PWW provides service to identify fee parcels owned by PWW. From this
8 review, I determined that PWW owns a total of 60 fee parcels, which are located
9 in Amherst, Bedford, Derry, Hollis, Merrimack and Nashua. I then proceeded to
10 research the characteristics of each parcel owned by PWW. Next, I searched for
11 and screened land sales between January 1, 2004 and December 2005 in Amherst,
12 Hollis, Merrimack, Bedford, Nashua, Litchfield and Hudson, identifying the
13 characteristics of each comparable, classifying each comparable sale by its
14 potential use, and calculating appropriate units of comparison. I then deployed
15 mass appraisal techniques matching the characteristics of the subject parcels with
16 the characteristics of the relevant comparable sales and adjusting the units of
17 comparison to reflect differences, thereby reaching my conclusions as to the fair
18 market value of PWW's fee parcels. My Appraisal Report setting forth my
19 procedure and analysis in greater detail, along with my CV, is attached as RWT-1
20 and is incorporated into this testimony by reference.

21 **Q. What is your opinion of the fair market value of the land parcels owned in**
22 **fee by PWW as of December 31, 2005?**

23 A. Twelve Million Thirty Eight Thousand Eight Hundred (\$12,038,800) Dollars.

1 **Q. In addition to fee parcels, did you also value easements owned by PWW?**

2 A. Yes. I valued cross-country easements, but not easements in publicly or privately
3 owned streets.

4 **Q. Can you provide an overview of the process you used to value the cross-**
5 **country easements?**

6 A. Yes. There were 67 cross-country easement segments in six communities. I
7 determined the length and width of each cross-country easement by relying on
8 maps provided by PWW and calculated the easement area, using a width of 25
9 feet if no width was specified. I then utilized the comparable sales data and
10 ascribed 75% of the fee value to reflect the lesser value of the easements. My
11 Appraisal Report attached as RWT-1 sets forth my procedure and analysis in
12 greater detail and is incorporated into this testimony by reference.

13 **Q. What was your opinion of the fair market value of the cross-country**
14 **easements owned by PWW?**

15 A. Eight Hundred Sixty Three Thousand and Seven Hundred (\$863,700) Dollars.

16 **Q. And what is your opinion of the fair market value of the land and cross-**
17 **country easements owned by PWW as of December 31, 2005?**

18 A. Twelve Million Nine Hundred Two Thousand Five Hundred (\$12,902,500)
19 Dollars.

20 **Q. Does this conclude your testimony?**

21 A. Yes.