Document RD1490

Department of Revenue

Proposed Permanent Rules Relating to Valuation and Assessment of Electric, Gas Distribution, and Pipeline Companies (Utility Companies)

Rules as Proposed

8100.0100 DEFINITIONS.

Subpart 1. to 7. [Unchanged.]

Subp. 8. [See Repealer.]

Subp. 9. [Unchanged.]

Subp. 10. [See Repealer.]

Subp. 11. to 14. [Unchanged.]

Subp. 14a.**Qualifying construction work in progress.**"Qualifying construction work in progress" means the cost of materials and associated charges included in construction work in progress which is not yet attached to the utility property.

Subp. 15. to 18. [Unchanged.]

8100.0200 INTRODUCTION.

The commissioner of revenue will estimate the valuation of the entire system of a utility company operating within the state. The entire system will be valued as a unit instead of valuing the component parts, utilizing data relating to the cost of the property and the earnings of the company owning or operating the property. The resulting valuation will be allocated or assigned to each state in which the utility company operates. Finally, by the process of apportionment, the portion allocated to Minnesota will be distributed to the various taxing districts within the state. Most of the data used in the valuation, allocation, and apportionment process will be drawn from reports submitted to the Department of Revenue by the utility companies. These reports will include Minnesota Department of Revenue Annual Utility Reports (UTL forms), Annual Reports to the Federal Energy Regulatory Commission and Annual

Reports to the Interstate Commerce Commission. Periodic examinations of the supporting data for these reports will be made by the Department of Revenue.

The methods, procedures, indicators of value, capitalization rates, weighting percents, and allocation factors will be used as described in parts 8100.0300 to 8100.0600 for ~~1988~~ 1989 and subsequent years.

As in all property valuations the commissioner of revenue reserves the right to exercise his or her judgment whenever the circumstances of a valuation estimate dictate the need for it.

8100.0300 VALUATION.

Subpart 1. and 2. [Unchanged.]

Subp. 3. **Cost approach.** The cost factor to be considered in the utility valuation formula is the original cost less depreciation of the system plant, plus improvements to the system plant, plus the original cost of construction work in progress on the assessment date. The original cost of any leased operating property used by the utility must be reported to the commissioner in conjunction with the annual utility report. If the original cost of the leased operating property is not available, the commissioner shall make an estimate of the cost by capitalizing the lease payments. Depreciation will not be allowed on construction work in progress. Depreciation will be allowed as a deduction from cost in the amount allowed on the accounting records of the utility company, as such records are required to be maintained by the appropriate regulatory agency. Depreciation, however, shall not exceed the prescribed percentage of cost: for electric companies, 20 percent; for gas distribution companies, 50 percent; and for pipeline companies, 50 percent. If the amount of depreciation shown on the company's books exceeds these percentages, the company may deduct ~~30~~ 40 percent of the excess for the assessment year 1989 and 50 percent of the excess for the assessment year 1990 and subsequent.

~~A modification to the cost approach to value will be considered by the commissioner when valuing electric utility property. The original cost of an electric utility's major generating plants will be increased if the cost of the plant falls below a certain standard. The standard to be used will be a national average of the cost per kilowatt of installed capacity. The cost per kilowatt of installed capacity is the total construction cost of the generating plant divided by the~~

~~number of kilowatts the plant is capable of producing. The national average to be used will be computed by totaling the construction costs, excluding the cost of land, for major generating plants within the 48 contiguous United States. The total cost of the plants will be divided by the total generating capacity of the same plants to arrive at an average cost per kilowatt of installed capacity. A separate average will be computed for each type of plant: gas turbine, hydroelectric, and steam electric. The plants used in the calculation will exclude nuclear electric generating plants.~~

~~The information used to compute the average will be drawn from the latest issue of the United States Department of Energy publication, Historical Plant Cost and Annual Production Expenses for Selected Electric Plants. All plants included in this publication will be used in the computation of the national average by type of plant.~~

~~An example of this computation of the national average cost per kilowatt of installed capacity is as follows:~~

~~Steam Electric Generating Plants~~

<$TABLE /8 LJ,21 LJ,58 RJ;0,0,0>

~~♫♫Plant Cost♫♫~~

~~♫Plant♫Excluding Land♫Plant Capacity♫~~

<$TABLE /10 LJ,32 RJ,57 RJ;0,0,0>

~~♫A♫$ 14,000,000♫100,000 kw♫~~

~~♫B♫13,000,000♫90,000 kw♫~~

~~♫C♫17,000,000♫110,000 kw♫~~

~~♫D♫14,500,000♫80,000 kw♫~~

~~♫E♫18,000,000♫120,000 kw♫~~

~~♫F♫10,000,000♫70,000 kw♫~~

~~♫G♫19,000,000♫130,000 kw♫~~

~~♫H♫9,000,000♫60,000 kw♫~~

~~♫I♫20,000,000♫140,000 kw♫~~

~~♫J♫8,000,000♫50,000 kw♫~~

~~♫♫$142,500,000♫950,000 kw♫~~

~~Total plant cost ($142,500,000) divided by total plant capacity (950,000 kw) equals $150 average cost per kilowatt of installed capacity.~~

~~The national average cost per kilowatt of installed capacity will be compared to the specific cost per kilowatt of installed capacity for each of the major generating plants owned by the utility being valued. If the national average cost per kilowatt is greater than the subject plant cost, the subject~~

~~plant will have additional dollars incorporated into its cost in order to raise its cost per kilowatt to the national average. If the subject plant's cost per kilowatt equals or exceeds the national average, no cost will be added. The following example illustrates this procedure:~~

~~XYZ Utility~~

~~Steam Electric Generating Plants~~

<$TABLE /7 LJ,11 LJ,45 RJ,58 RJ;0,0,0>

~~♬1.♬Plant♬#1♬#2♬~~

~~♬2.♬Installed Capacity♬100,000 kw♬50,000 kw♬~~

~~♬3.♬Year in Service♬1970♬1950♬~~

~~♬4.♬Cost of Plant♬♬♬~~

~~♬♬(Exclusive of Land)♬$15,200,000♬$5,000,000♬~~

~~♬5.♬Specific Plant♬♬♬~~

~~♬♬Cost per kw♬$152♬$100♬~~

~~♬6.♬National Average♬♬♬~~

~~♬♬Cost per kw♬$150♬$150♬~~

~~♬7.♬Deficiency♬none♬$-50♬~~

~~♬8.♬Additional Cost♬♬♬~~

~~♬♬(Line 7 x Line 2)♬none♬$2,500,000♬~~

~~This additional cost to be added to the original cost of the specific plant will be reduced by an allowance for pollution control equipment and an allowance for obsolescence. The allowance for pollution control equipment will be computed annually by totaling the construction costs, exclusive of land, of all major generating plants within Minnesota by type of plant. A total will also be made of the cost of the equipment in these plants which has been approved for tax exempt status in accordance with Minnesota Statutes, section 272.02, subdivision 1, clause (9). This total will also be computed by type of plant. The total of the approved pollution control equipment will be divided by the total construction cost, exclusive of land, of the plants in order to calculate a percentage. This percentage will be the ratio of dollars spent for pollution control equipment to total dollars spent to construct a specific type of power plant. This percentage will then be used to reduce the gross additional cost to be added to the cost of the specific generating plant. An example of this process is as follows:~~

~~Steam Electric Plants Within Minnesota~~

<$TABLE /9 LJ,20 LJ,40 LJ;0,0,0>

~~♬♬♬Cost of Approved♬~~

0005.04 ♬♬~~Plant Cost~~♬~~Pollution~~♬
0005.05 ♬~~Plant~~♬~~Excluding Land~~♬~~Control Equipment~~♬
0000.00 <$TABLE /11 LJ,31 RJ,51 RJ;0,0,0>
0005.06 ♬~~A~~♬~~$15,200,000~~♬~~$1,500,000~~♬
0005.07 ♬~~B~~♬~~10,000,000~~♬~~1,000,000~~♬
0005.08 ♬~~C~~♬~~5,000,000~~♬~~700,000~~♬
0005.09 ♬~~D~~♬~~20,000,000~~♬~~2,000,000~~♬
0005.10 ♬~~E~~♬~~16,500,000~~♬~~1,470,000~~♬
0005.11 ♬♬~~$66,700,000~~♬~~$6,670,000~~♬
0005.12 ~~Total cost of approved pollution control equipment~~
0005.13 ~~($6,670,000) divided by total plant cost ($66,700,000) equals~~
0005.14 ~~ten percent ratio of pollution control equipment expenditures to~~
0005.15 ~~total expenditures for generating plant construction.~~
0005.16 ~~XYZ Utility~~
0005.17 ~~Steam Electric Plant #2~~
0000.00 <$TABLE /4 LJ,8 LJ,59 RJ;0,0,0>
0005.18 ♬~~1.~~♬~~Additional Cost Due to Computation of~~♬♬
0005.19 ♬♬~~Average Cost per kw of Installed~~♬♬
0005.20 ♬♬~~Capacity~~♬~~$2,500,000~~♬
0005.21 ♬~~2.~~♬~~10% Allowance for Pollution Control~~♬♬
0005.22 ♬♬~~Equipment~~♬~~250,000~~♬
0005.23 ♬~~3.~~♬~~Additional Cost to be Added after~~♬♬
0005.24 ♬♬~~Adjustment for Pollution Control~~♬♬
0005.25 ♬♬~~Equipment~~♬~~2,250,000~~♬
0005.26 ~~The allowance for obsolescence which will be applied to the~~
0005.27 ~~additional plant construction cost will be computed annually for~~
0005.28 ~~hydroelectric and steam electric generating plants. The~~
0005.29 ~~information needed to compute the obsolescence factors will be~~
0005.30 ~~drawn from the same publication that is used to compute the~~
0005.31 ~~national average cost per kilowatt of installed capacity~~
0005.32 ~~figure. Gas turbine plants will not have any obsolescence~~
0005.33 ~~allowance applied to the additional cost added to the plants.~~
0005.34 ~~The obsolescence allowance for hydroelectric plants will be~~
0005.35 ~~calculated through the use of a "plant factor." The plant~~
0005.36 ~~factor is computed by dividing the number of kilowatt hours a~~
0005.37 ~~generating plant actually produced in a year by the number of~~
0005.38 ~~kilowatt hours the plant was capable of producing. The plant~~
0005.39 ~~factor is normally expressed as a percentage. The mathematical~~
0005.40 ~~expression of this factor is: net generation (kwh) divided by~~
0005.41 ~~annual installed capacity (hours in a year multiplied by~~
0005.42 ~~installed capacity (kw)). A standard plant factor will be~~
0005.43 ~~computed for hydroelectric plants by averaging the plant factors~~

~~of the ten plants with the highest plant factors in the average cost per kilowatt of installed capacity study. This standard will then be compared to an average of the most recent three years' plant factor of the subject plant. The amount the subject plant deviates from the standard is the amount of obsolescence which will be applied to the added cost.~~

~~An example of this obsolescence allowance computation is shown below.~~

~~Hydroelectric Plants~~

<$TABLE /6 LJ,17 LJ,34 LJ,53 LJ;0,0,0>

~~♬♬Net Generation♬Plant Capability♬Plant♬~~

~~♬Plant♬kwh (000)♬kwh (000)♬Factor♬~~

<$TABLE /8 LJ,20 LJ,45 RJ,57 RJ;0,0,0>

~~♬A♬400,150♬755,000♬53 %♬~~

~~♬B♬300,040♬577,000♬52 %♬~~

~~♬C♬250,000♬480,000♬52 %♬~~

~~♬D♬600,000♬1,250,000♬48 %♬~~

~~♬E♬896,000♬1,600,000♬56 %♬~~

~~♬F♬700,000♬1,400,000♬50 %♬~~

~~♬G♬507,000♬975,000♬52 %♬~~

~~♬H♬450,000♬1,000,000♬45 %♬~~

~~♬I♬376,000♬800,000♬47 %♬~~

~~♬J♬810,000♬1,800,000♬45 %♬~~

~~♬♬♬♬Average 50 %♬~~

~~XYZ Utility~~

~~Hydroelectric Plant #4~~

<$TABLE /6 LJ,17 LJ,34 LJ,53 LJ;0,0,0>

~~♬♬Net Generation♬Plant Capability♬Plant♬~~

~~♬Year♬kwh (000)♬kwh (000)♬Factor♬~~

<$TABLE /6 LJ,20 LJ,45 RJ,57 RJ;0,0,0>

~~♬19XX♬400,000♬1,000,000♬40 %♬~~

~~♬19XX♬500,000♬1,000,000♬50 %♬~~

~~♬19XX♬450,000♬1,000,000♬45 %♬~~

~~♬♬♬♬Average 45 %♬~~

~~Hydroelectric plant #4 plant factor (45 percent) divided by standard plant factor (50 percent) equals 90 percent. Therefore, hydroelectric plant #4 deviates from the standard by ten percent, or is ten percent obsolete.~~

~~The obsolescence allowance for steam electric generating plants will be computed annually using two indicators. The first indicator will be the plant factor. The plant factor for steam electric plants will be computed and applied in the same~~

~~manner as the computation specified for hydroelectric plants. The only difference will be that the information used for the computation will be drawn from the latest Fossil Fueled Steam Electric Plant Section of the latest Historical Plant Cost and Annual Production and Expenses for Selected Electric Plants publication rather than the Hydroelectric Plant section. Plant factors of the ten best steam electric generating plants within the study period will be averaged. This average will be compared to the most recent three year average plant factor for the subject plant. The subject plant's deviation from the standard plant factor is the amount of indicated obsolescence. The second indicator which will be used to compute an obsolescence allowance for steam electric generating plants will be a thermal efficiency factor. The source of information for this computation will also be the latest issue of the United States Department of Energy's publication, Historical Plant Cost and Annual Production Expenses for Selected Electric Plants, Fossil Fueled Steam Electric Plant Section. Thermal efficiency for a generating plant is measured by the number of British thermal units (Btu's) required to produce one kilowatt hour. This efficiency rating can be obtained by dividing the number of kilowatt hours produced by a generating plant by the number of Btu's needed to produce this power. The number of Btu's used can be obtained by multiplying the units of fuel burned by the generating plant - tons of coal, gallons of oil, or cubic feet of gas - by the average Btu content of the fuel unit. The standard thermal efficiency factor will be computed by averaging the thermal efficiency factor of the ten most efficient steam electric generating plants within the study period used to compute the average cost per kilowatt of installed capacity. This standard thermal efficiency factor will then be compared to the thermal efficiency factor of the subject plant. The amount the subject plant deviates from the standard is the amount of obsolescence indicated by this factor.**

~~The two obsolescence figures for the subject plant as indicated by both the plant and thermal efficiency factors will then be averaged. This resulting average is the obsolescence allowance which will be applied to the cost added to the subject plant as a result of the average cost per kilowatt of installed capacity computation. In no instance shall the original cost of a generating plant be reduced by an allowance for obsolescence unless its cost is increased through the use of the average cost~~

~~per kilowatt of installed capacity computation. For the 1988 and subsequent assessments the additional cost after adjustments for obsolescence to be added to the cost indicator of value will be reduced by 75 percent.~~

~~The following examples illustrate computation of the standard thermal efficiency factor; obsolescence indicated by the application of this factor to the subject plant; average obsolescence for steam electric generating plants; and obsolescence allowance adjustment of the added cost due to the use of the average cost per kilowatt of installed capacity for the subject plant.~~

~~Steam Electric Generating Plants~~

<$TABLE /1 LJ,12 LJ,45 RJ,53 LJ;0,0,0>

~~♬♬Net Generation♬Btu's Used♬Btu's♬~~

~~♬Plant♬kwh (Millions)♬(Millions)♬per kwh♬~~

<$TABLE /3 LJ,17 LJ,45 RJ,58 RJ;0,0,0>

~~♬A♬2,000♬18,400,000♬9,200♬~~

~~♬B♬6,000♬53,400,000♬8,900♬~~

~~♬C♬8,000♬72,000,000♬9,000♬~~

~~♬D♬5,000♬45,500,000♬9,100♬~~

~~♬E♬3,000♬26,400,000♬8,800♬~~

~~♬F♬1,000♬9,000,000♬9,000♬~~

~~♬G♬4,000♬36,600,000♬9,150♬~~

~~♬H♬9,000♬80,550,000♬8,950♬~~

~~♬I♬7,000♬61,950,000♬8,850♬~~

~~♬J♬5,000♬45,250,000♬9,050♬~~

~~♬♬♬♬Average 9,000♬~~

~~XYZ Utility Company~~

~~Steam Electric Plant #2~~

<$TABLE /7 LJ,31 LJ,48 LJ;0,0,0>

~~♬Net Generation kwh♬Btu's Used♬Btu's♬~~

~~♬(Millions)♬(Millions)♬per kwh♬~~

~~♬2,000♬21,600,000♬10,800♬~~

~~Steam electric plant #2 thermal efficiency factor (10,800 Btu's per kwh) divided by standard thermal efficiency factor (9,000 Btu's per kwh) equals 120 percent. Therefore, steam electric plant #2 deviates from the standard by 20 percent or is 20 percent obsolete.~~

~~XYZ Utility Company~~

~~Steam Electric Plant #2~~

<$TABLE /3 LJ,7 LJ,60 RJ;0,0,0>

~~♬1.♬Obsolescence Indicated by Plant Factor♬10%♬~~

~~2. Obsolescence Indicated by Thermal Efficiency~~

~~Factor 20%~~

~~3. Obsolescence Allowance (Average of 1 and 2) 15%~~

~~4. Additional Cost due to Computation of~~

~~Average Cost per kw of Installed Capacity $2,500,000~~

~~5. 15% Obsolescence Allowance $ 375,000~~

~~6. Additional Cost to be Added after~~

~~Adjustment for Obsolescence $2,125,000~~

~~7. Adjustment Factor 75%~~

~~8. Net Additional Cost to be Added $ 531,250~~

The cost indicator of value computed in accordance with this subpart will be weighted for each type of utility company as follows: electric companies, 85 percent; gas distribution companies, 75 percent; and pipeline companies, 75 percent. The following example illustrates how the cost indicator of value would be computed for an electric company:

<$TABLE /1 LJ,6 LJ,62 RJ;0,0,0>

1. Utility Plant $200,000,000

2. Construction Work in Progress $ 5,500,000

~~3. Additional Value From Average Cost~~

~~per KW Computation After Factoring $ 531,250~~

~~4~~ 3. Total Plant ~~$206,031,250~~

$205,500,000

~~5~~ 4. Nondepreciable Plant

(Land, Intangibles, C.W.I.P.) $ 17,500,000

~~6~~ 5. Depreciable Plant ~~$188,531,250~~

188,000,000

~~7~~ 6. Book Depreciation $ 40,000,000

~~8~~ 7. Maximum Depreciation (20%) ~~$ 37,706,250~~

$ 37,600,000

~~9~~ 8. ~~30%~~ 40% Excess Depreciation Allowance ~~$ 688,125~~

$ 960,000

~~10~~9. Total Allowable Depreciation ~~$ 38,394,375~~

$ 38,560,000

~~11~~10. Total Cost Indicator of Value ~~$167,636,875~~

$166,940,000

~~Any company for which a modification is made under this subpart due to the average cost per kilowatt adjustment being made to original cost of a plant or plants located in Minnesota shall have an alternative cost indicator computation made without giving effect to the average cost per kilowatt adjustment of such plant or plants.~~

Subp. 4. **Income approach.** The income indicator of value will be estimated by weighting the capitalized net operating earnings of the utility company for the most recent three years as follows: most recent year, 40 percent; previous year, 35 percent; and final year, 25 percent. The net income will be capitalized by applying to it a capitalization rate which will be computed by using the band of investment method. This method will consider:

A. the capital structure of utilities;

B. the cost of debt or interest rate;

C. the yield on preferred stock of utilities;

D. the yield on common stock of utilities; and

E. deferred taxes.

~~For 1988 the capitalization rate will be: electric companies, 11.25 percent; gas distribution companies, 11.50 percent; and pipeline companies, 11.75 percent. These~~ Rates will be computed for electric companies, gas distribution companies, and pipeline companies. The rates will be recalculated each year using the method described in this subpart.

The income indicator of value computed in accordance with this subpart will be weighted for each class of utility company as follows: electric companies, 15 percent; gas distribution companies, 25 percent; and pipeline companies, 25 percent.

The following example illustrates how the income indicator of value would be computed for a gas distribution company:

<$TABLE /1 LJ,5 LJ,37 RJ,50 RJ,62 RJ;0,0,0>

♬♬♬1982 ♬1983 ♬1984 ♬

♬♬♬♬♬♬♬

♬1.♬Net Operating Income♬$ 596,160♬$ 488,911♬$ 579,600♬

♬2.♬Capitalized Income♬♬♬♬

♬♬@ 11.5%♬5,184,000♬4,251,400♬5,040,000♬

♬♬♬♬♬♬♬

♬3.♬Weighting Factor♬25 percent♬35 percent♬40 percent♬

♬4.♬Weighted Capitalized♬1,296,000♬1,488,000♬2,016,000♬

♬♬Income♬♬♬♬

♬5.♬Total Income♬♬♬♬

♬♬Indicator of Value♬♬♬4,800,000♬

Subp. 5. **Unit value computation.** The unit value of the utility company will be the total of the weighted indicators of value.

The following is an example of the computation of the unit

value for a gas distribution company:
1. Cost Indicator of Value:
$5,000,000 x 75% = $3,750,000
2. Income Indicator of Value:
$4,800,000 x 25% = $1,200,000
3. Unit Value of Gas Distribution Company:
100% $4,950,000
~~Any company whose cost indicator was modified under subpart 3 to reflect the average cost per kilowatt adjustment of a plant or plants located in Minnesota shall have an alternative unit value computation made without giving effect to the modification in respect of such plant or plants.~~
Subp. 6. to 8. [Unchanged.]
8100.0400 ALLOCATION.
Subpart 1. [Unchanged.]
Subp. 2. **Electric companies.** The original cost of the utility property located in Minnesota divided by the total original cost of the property in all states of operation is weighted at 90 percent. Gross revenue derived from operations in Minnesota divided by gross operations revenue from all states is weighted at ten percent.
The following example illustrates this formula, assuming a unit value of $20,000,000.
<$TABLE /1 LJ,5 LJ,43 RJ,45 LJ,58 RJ;0,0,0>
♬1.♬Minnesota Plant Cost♬$115,000,000♬♬♬
♬♬♬♬x .90 =♬50.49%♬
♬2.♬System Plant Cost♬$205,000,000♬♬♬
♬♬♬♬♬♬♬
♬3.♬Minnesota Gross Revenue♬40,000,000♬♬♬
♬♬♬♬x .10 =♬3.8%♬
♬4.♬System Gross Revenue♬$105,000,000♬♬♬
♬♬♬♬♬♬♬
<$TABLE /1 LJ,5 LJ,57 RJ;0,0,0>
♬5.♬Total Percentage♬♬
♬♬Allocable to Minnesota♬54.29%♬
♬♬♬♬
♬6.♬Unit Value of System Plant♬$20,000,000♬
♬♬♬♬
♬7.♬Amount of Value Allocable to Minnesota♬$10,858,000♬
~~If any modification has been made to the cost indicator under part 8100.0300, subpart 3 to reflect the average cost per kilowatt adjustment of a plant or plants located in Minnesota,~~

~~an alternative computation of the Minnesota allocation shall be made without giving effect to the modification in respect of such plant or plants.~~

Subp. 3. and 4. [Unchanged.]

8100.0500 ADJUSTMENTS FOR NON-FORMULA-ASSESSED OR EXEMPT PROPERTY.

Subpart 1. to 3. [Unchanged.]

Subp. 4. **Deduction for exempt property.** A deduction from the Minnesota portion of the unit value shall also be made for property, real or personal, which is exempt from ad valorem tax. For instance, pollution control equipment for which an exemption has been granted is exempt. The original cost of qualifying construction work in progress shall be excluded from the Minnesota portion of the unit value. A deduction from the Minnesota portion of the unit value shall be made at original cost, less the applicable rate of depreciation used in the valuation process under part 8100.0300. The value of personal property, such as office machinery and vehicles, which is not taxed, shall also be excluded from the Minnesota portion of the unit value. The deduction shall be at original cost less the applicable rate of depreciation utilized in the valuation process.

The following example illustrates how these items are deducted from the Minnesota portion of the unit value. deducted from the Minnesota portion of the unit value.

<$TABLE /1 LJ,5 LJ,50 RJ,63 RJ;0,0,0>

♬1.♬Minnesota Portion of♬♬♬

♬♬Unit Value♬♬$5,000,000♬

♬♬♬♬♬

♬2.♬Excludable Items - Nondepreciable♬♬♬

♬♬a. Land Assessed Locally♬♬3,000♬

♬♬b. Land Rights♬♬2,000♬

♬♬c. Qualifying construction work in progress♬♬5,000♬

♬♬♬♬♬

♬3.♬Excludable Items - Depreciable♬♬♬

♬♬a. General Plant Items♬$10,000♬♬

♬♬b. Pollution Control Equipment♬10,000♬♬

♬♬c. Gross Depreciable Items♬20,000♬♬

♬♬d. Depreciated at 25 percent♬5,000♬♬

♬♬e. Net Depreciable Excludable Items♬♬15,000♬

♬♬♬♬♬

♬4.♬Total Excludable Items♬♬~~20,000~~ 25,000♬

♬♬♬♬♬

♬5.♬Minnesota Apportionable Value♬♬~~$4,980,000~~ 4,975,000♬

~~If any modification has been made to the cost indicator under part 8100.0300, subpart 3 to reflect the average cost per kilowatt adjustment of a plant or plants located in Minnesota, an alternative computation of the Minnesota apportionable value shall be made without giving effect to the modification in respect of such plant or plants.~~

Subp. 5. [Unchanged.]

8100.0600 APPORTIONMENT.

Subpart 1. **Apportionment to taxing district.** After the unit valuation of the utility company has been allocated to the state of Minnesota and has been adjusted under part 8100.0500, the determined amount shall be apportioned or distributed to the taxing districts in Minnesota in which the company operates. This apportionment will be made by the commissioner of revenue on the basis of information submitted by the utility companies in annual reports filed with the commissioner.

~~If any modification has been made to the cost indicator under part 8100.0300, subpart 3 to reflect the average cost per kilowatt adjustment of a plant or plants located in Minnesota, the apportionment to the taxing districts made under subpart 4 shall be based upon the Minnesota apportionable value alternatively computed in part 8100.0500, subpart 4 without giving effect to the modification in respect of such plant or plants.~~

Subp. 2. **Required information.** The following information must be submitted for each taxing district:

A. ~~the market value of the company's operating property by classification, as reflected in the last assessment, including the cost of leased taxable property;~~

~~B.~~ the original cost of the company's operating property by classification, including the cost of leased taxable property;

~~C~~ B. the original cost of any new additions since the last assessment, including work in progress on the assessment date;

~~D. the market value of any retirements made after the last assessment, as reflected in that assessment;~~ and

~~E~~ C. the original cost of any retirements made after the last assessment.

Subp. 3. **Required information when new taxing district established.** Whenever a new taxing district is established, the information submitted by the utility companies for the taxing district must be submitted in the same form as enumerated in subpart 2, items A to ~~B~~ C. If the utility, because of administrative difficulty, is forced to make estimates of values and costs for property within new taxing districts, these estimates must be approved by the commissioner.

Subp. 4. **Market value of the operating utility property.** The total market value of each company's operating utility property in Minnesota shall be ~~divided by the greater of~~:

The current original cost in each taxing district as of the last assessment date plus original cost of new construction reduced by the original cost of property retired since the last assessment date. The Minnesota portion of the unit value as adjusted under this rule shall be divided by the total current original cost to determine a percentage. The resulting percentage shall be multiplied by the current original cost in each taxing district to determine the market value in each district.

~~A. the last market value of the company's operating utility property in each taxing district, plus original cost of new construction, reduced by the last market value of property retired since the last assessment; or~~

~~B. the original cost of the company's operating utility property in each taxing district plus original cost of new construction reduced by the original cost of property retired since the last assessment multiplied by the percentage as specified below.~~

~~For the 1982 assessment year the original costs shall be multiplied by 77.5 percent.~~

~~For the 1983 assessment year the original costs shall be multiplied by 80 percent.~~

~~For the 1984 assessment year the original costs shall be multiplied by 82.5 percent.~~

~~For the 1985 assessment year the original costs shall be multiplied by 85 percent.~~

~~For the 1986 assessment year the original costs shall be multiplied by 87.5 percent.~~

~~For the 1987 assessment year the original costs shall be multiplied by 90 percent.~~

~~For the 1988 assessment year the original costs shall be~~

~~multiplied by 92.5 percent.~~
~~For the 1989 assessment year the original costs shall be multiplied by 95 percent.~~
~~For the 1990 assessment year the original costs shall be multiplied by 97 percent.~~
~~For the 1991 assessment year the original costs shall be multiplied by 100 percent.~~
~~All computations made under alternative A or B shall be made without giving effect to any modification to reflect the average cost per kilowatt adjustment made under part 8100.0300, subpart 3.~~
~~For this purpose, the last market value and the last assessment shall mean the latest assessment immediately prior to the current assessment. The portion of unit value to be assigned to each taxing district will be the resulting percentage multiplied by the Minnesota portion of the unit value, as adjusted pursuant to this rule.~~

Subp. 5. [See Repealer.]

REPEALER. Minnesota Rules, parts 8100.0100, subparts 8 and 10; and 8100.0600, subpart 5 are repealed.