


# Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

RULE REVIEW CHECKLIST

File No. 1373 Docket No. 05.0089.0736

DATE RECEIVED 6/12
REVIEW DATE 6/28
DUE DATE 6/26

APPROVED 6.23.87 mjc
DISAPPROVED
WITHDRAWN

ADOPTED W/O HEARING ✓
EMERGENCY RULE

REVISOR APPROVED ✓
REVISOR DISAPPROVED
FILED W/SEC. STATE
RETURNED TO AGENCY

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✓ Rule as adopted (4 copies)

~~Notice to Solicit Outside Information/Opinion~~
Date published in State Register
Comments

~~Petition for Adoption of a Rule~~

~~Board's Authorizing Resolution~~

✓ Proposed rule
yes Revisor's Certificate

✓ Notice of Intent to Adopt Rule
270.06(14) Statutory Authority
no Small business statement
no Expenditure of public money statement
yes Signature

✓ Statement of Need and Reasonableness

✓ Affidavit of Mailing Notice of Intent to Adopt Rule
4/20/87 Date 30/25 days before adoption

✓ Publication in State Register
5/4/87 Date 30/25 days before adoption

~~Resolution Adopting~~

✓ ~~Findings of Fact, Conclusions~~ & Order Adopting Missing Findings of Fact
6/9/87 Date

✓ Written requests, submissions or comments

✓ Declaration of attorney
James Neher Name of SAAG representing agency

~~Notice of Submission to Attorney General~~

~~Affidavit of Mailing Notice to Attorney General~~

SF-00006-05 (4/86)

STATE OF MINNESOTA

# Office Memorandum

DEPARTMENT : ATTORNEY GENERAL

DATE : June 25, 1987

TO : JERRY GARSKI
Minnesota Department
of Revenue

FROM : MARTHA CASSERLY
Special Assistant
Attorney General

PHONE : 6-6204

SUBJECT : In the Matter of the Adopted Rule Relating to Revenue; Utilities

The above-referenced rule has been approved as to its legality by the Attorney General on June 24, 1987.

Enclosed is the agency's copy of the approved rule. This office has already filed two copies with the Secretary of State, who will forward one copy to the Revisor of Statutes. The fourth is being retained by this division of the Attorney General's Office for its records.

Also enclosed are any petitions, requests, submission or comments received by the agency and any extra copies of documents which the agency submitted to the Attorney General.

In order for a permanent rule without a hearing to become effective, your agency must publish a notice of adoption in the State Register in accordance with Minn. Stat. § 14.27. An emergency rule becomes effective five working days after approval by the Attorney General; however, the agency must publish a notice in the State Register in accordance with Minn. Stat. § 14.34.

If you have any questions in this regard, please contact me.

MJC:nah

Enclosures

cc: Maryanne Hruby
Executive Director
Legislative Commission to Review
Adminsitrative Rules

Duane Harves
Chief Administrative Law Judge
Office of Administrative Hearings

Department of Revenue

Adopted Permanent Rules Relating to Revenue; Utilities

Rules as Adopted

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 1987 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. **General.** Because of the unique character of public utility companies, such as being subject to stringent government regulations over operations and earnings, the

traditional approaches to valuation estimates of property (cost, capitalized income, and market) must be modified when utility property is valued. Consequently, for the 1987 and subsequent assessment years, the value of utility company property will be estimated in the manner provided in this chapter.

Subp. 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 20 percent of the excess.

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

| Plant | Plant Cost Excluding Land | Plant Capacity |
|---|---|---|
| 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

| | | |
|---|---|---|
| 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

| Plant | Plant Cost Excluding Land | Cost of Approved Pollution Control Equipment |
|---|---|---|
| A | $15,200,000 | $1,500,000 |
| B | 10,000,000 | 1,000,000 |
| C | 5,000,000 | 700,000 |
| D | 20,000,000 | 2,000,000 |
| E | 16,500,000 | 1,470,000 |
| | $66,700,000 | $6,670,000 |

Total cost of approved pollution control equipment ($6,670,000) divided by total plant cost ($66,700,000) equals

ten percent ratio of pollution control equipment expenditures to total expenditures for generating plant construction.

XYZ Utility

Steam-Electric Plant #2

| | |
|---|---|
| 1. Additional Cost Due to Computation of Average Cost per kw of Installed Capacity | $2,500,000 |
| 2. 10% Allowance for Pollution Control Equipment | 250,000 |
| 3. Additional Cost to be Added after Adjustment for Pollution Control Equipment | 2,250,000 |

The allowance for obsolescence which will be applied to the additional plant construction cost will be computed annually for hydroelectric and steam-electric generating plants. The information needed to compute the obsolescence factors will be drawn from the same publication that is used to compute the national average cost per kilowatt of installed capacity figure. Gas turbine plants will not have any obsolescence allowance applied to the additional cost added to the plants.

The obsolescence allowance for hydroelectric plants will be calculated through the use of a "plant factor." The plant factor is computed by dividing the number of kilowatt hours a generating plant actually produced in a year by the number of kilowatt hours the plant was capable of producing. The plant factor is normally expressed as a percentage. The mathematical expression of this factor is: net generation (kwh) divided by annual installed capacity (hours in a year multiplied by installed capacity (kw)). A standard plant factor will be 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

| | Net Generation | Plant Capability | Plant |
|---|---|---|---|

| Plant | kwh (000) | kwh (000) | Factor |
|---|---|---|---|
| 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

| Year | Net Generation kwh (000) | Plant Capability kwh (000) | Plant Factor |
|---|---|---|---|
| 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 Hydro-Electric 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 1987 and subsequent assessments the additional cost after adjustments for obsolescence to be added to the cost indicator of value will be multiplied by 50 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

| Plant | Net Generation kwh (Millions) | Btu's Used (Millions) | Btu's per kwh |
|---|---|---|---|
| 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

| Net Generation kwh (Millions) | Btu's Used (Millions) | Btu's 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

| | | |
|---|---|---|
| 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 | 50% |
| 8. | Net additional cost to be added | $1,062,500 |

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:

| | | |
|---|---|---|
| 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 | $ 2,000,000 |
| 4. | Total Plant | $207,500,000 |
| 5. | Nondepreciable Plant (Land, Intangibles, C.W.I.P.) | $ 17,500,000 |
| 6. | Depreciable Plant | $190,000,000 |
| 7. | Book Depreciation | $ 40,000,000 |
| 8. | Maximum Depreciation (20%) | $ 38,000,000 |
| 9. | 20% Excess Depreciation Allowance | $ 400,000 |
| 10. | Total Allowable Depreciation | $ 38,400,000 |

11. Total Cost Indicator of Value $169,100,000

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. to 8. [Unchanged.]

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

JUN 24 1987

Joan Anderson Growe
Secretary of State

3:55 pm JH

APPROVED AS TO FORM AND LEGALITY

June 23 1987

HUBERT H. HUMPHREY, III
ATTORNEY GENERAL

BY MJ Cassedy
SPECIAL ASSISTANT ATTORNEY GENERAL

Department of Revenue

Proposed Permanent Rules Relating to Revenue; Utilities

Rules as Proposed

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 ~~1986~~ 1987 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. **General.** Because of the unique character of public utility companies, such as being subject to stringent government regulations over operations and earnings, the



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traditional approaches to valuation estimates of property (cost, capitalized income, and market) must be modified when utility property is valued. Consequently, for the ~~1986~~ 1987 and subsequent assessment years, the value of utility company property will be estimated in the manner provided in this chapter.

Subp. 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 ~~ten~~ 20 percent of the excess.

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



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by Revisor _____

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

| Plant | Plant Cost Excluding Land | Plant Capacity |
|---|---|---|
| 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



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national average, no cost will be added.

The following example illustrates this procedure:

XYZ Utility

Steam-Electric Generating Plants

| | | | |
|---|---|---|---|
| 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

| Plant | Plant Cost Excluding Land | Cost of Approved Pollution Control Equipment |
|---|---|---|
| A | $15,200,000 | $1,500,000 |
| B | 10,000,000 | 1,000,000 |
| C | 5,000,000 | 700,000 |
| D | 20,000,000 | 2,000,000 |
| E | 16,500,000 | 1,470,000 |
| | $66,700,000 | $6,670,000 |

Total cost of approved pollution control equipment



Approved by Revisor _____

($6,670,000) divided by total plant cost ($66,700,000) equals ten percent ratio of pollution control equipment expenditures to total expenditures for generating plant construction.

XYZ Utility

Steam-Electric Plant #2

| | |
|---|---|
| 1. Additional Cost Due to Computation of Average Cost per kw of Installed Capacity | $2,500,000 |
| 2. 10% Allowance for Pollution Control Equipment | 250,000 |
| 3. Additional Cost to be Added after Adjustment for Pollution Control Equipment | 2,250,000 |

The allowance for obsolescence which will be applied to the additional plant construction cost will be computed annually for hydroelectric and steam-electric generating plants. The information needed to compute the obsolescence factors will be drawn from the same publication that is used to compute the national average cost per kilowatt of installed capacity figure. Gas turbine plants will not have any obsolescence allowance applied to the additional cost added to the plants.

The obsolescence allowance for hydroelectric plants will be calculated through the use of a "plant factor." The plant factor is computed by dividing the number of kilowatt hours a generating plant actually produced in a year by the number of kilowatt hours the plant was capable of producing. The plant factor is normally expressed as a percentage. The mathematical expression of this factor is: net generation (kwh) divided by annual installed capacity (hours in a year multiplied by installed capacity (kw)). A standard plant factor will be 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



Approved by Revisor _____

| Plant | Net Generation kwh (000) | Plant Capability kwh (000) | Plant Factor |
|---|---|---|---|
| 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

| Year | Net Generation kwh (000) | Plant Capability kwh (000) | Plant Factor |
|---|---|---|---|
| 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 Hydro-Electric 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



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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 ~~1986~~ 1987 and subsequent assessments the additional cost after adjustments for obsolescence to be added to the cost indicator of value will be multiplied by ~~85~~ 50 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



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the subject plant.

Steam-Electric Generating Plants

| Plant | Net Generation kwh (Millions) | Btu's Used (Millions) | Btu's per kwh |
|---|---|---|---|
| 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

| Net Generation kwh (Millions) | Btu's Used (Millions) | Btu's 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

| | | |
|---|---|---|
| 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 | ~~85%~~ 50% |
| 8. | Net additional cost to be added | ~~$1,806,250~~ $1,062,500 |

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:

| | | |
|---|---|---|
| 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 | $ 2,000,000 |
| 4. | Total Plant | $207,500,000 |
| 5. | Nondepreciable Plant (Land, Intangibles, C.W.I.P.) | $ 17,500,000 |
| 6. | Depreciable Plant | $190,000,000 |
| 7. | Book Depreciation | $ 40,000,000 |
| 8. | Maximum Depreciation (20%) | $ 38,000,000 |



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| | | | |
|---|---|---|---|
| 9. | ~~10%~~ 20% Excess Depreciation Allowance | ~~200,000~~ | $ 400,000 |
| 10. | Total Allowable Depreciation | ~~$-38,200,000~~ | $ 38,400,000 |
| 11. | Total Cost Indicator of Value | ~~169,300,000~~ | $169,100,000 |

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. to 8. [Unchanged.]



Approved
by Revisor _____

# Office of the Revisor of Statutes

## Administrative Rules

**TITLE:** Proposed Permanent Rules Relating to Revenue; Utilities

**AGENCY:** Department of Revenue

**MINNESOTA RULES:** Chapter 8100

The attached rules are approved for publication
in the State Register

Janet C. Rahm
Senior Assistant Revisor

DEPARTMENT OF REVENUE
PROPERTY REVIEW DIVISION

In the Matter of the Proposed Adoption of Rules of the State Department of Revenue Governing the Valuation and Assessment of Electric, Gas Distribution and Pipeline Companies (Utility Companies).

NOTICE OF INTENT TO ADOPT RULES WITHOUT A PUBLIC HEARING

Notice is hereby given that the State Department of Revenue, Property Review Division proposes to adopt the above-entitled rules without a public hearing. The Commissioner has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, sections 14.21 to 14.28.

Persons interested in these rules shall have 30 days to submit comments on the proposed rules. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change in the proposed language.

Unless twenty-five or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment period, a public hearing will not be held. In the event a public hearing is required, the agency will proceed according to the provisions of Minnesota Statutes, sections 14.13 to 14.18.

Persons who wish to submit comments or a written request for a public hearing should submit such comments or request to:

Ronald Cook
Property Review Division
Minnesota Department of Revenue
P. O. Box 64446
St. Paul, Minnesota 55164
(612) 642-0486

Authority for the adoption of these rules is contained in Minnesota Statutes, section 270.06 (14). Additionally, a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rules and identifies the data and information relied upon to support the proposed rules has been prepared and is available from Ronald Cook, at the above mentioned address, upon request.

Upon adoption of the final rules without a public hearing, the proposed rules, this Notice, the Statement of Need and Reasonableness, all written comments received, and the final Rules as Adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as proposed for adoption, should submit a written statement of such request to Ronald Cook, at the above listed address.

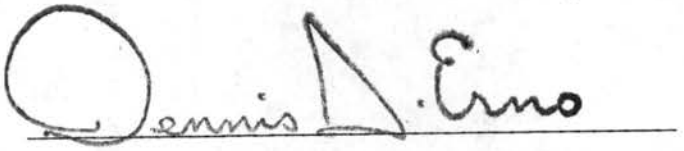
The rules proposed for adoption relate to the following matters:

1. A partial recognition of excess depreciation for utility companies which have reached maximum allowable depreciation levels.

2. A reduction in the gross amount to be added to the cost approach to value as a result of the average cost per kilowatt of installed capacity study as applied to the valuation of electric generating plants.

Copies of this Notice and the proposed rules are available and may be obtained by contacting Ronald Cook.

STATE OF MINNESOTA



Assistant Commissioner of Revenue

(F)

**State of Minnesota**
**Department of Revenue**

**In the Matter of the Proposed Rules of the Department of Revenue Governing the Valuation and Assessment of Electric, Gas Distribution and Pipeline Companies (Utility Companies)**

**STATEMENT OF NEED AND REASONABLENESS**

The above-captioned rules are being proposed in order to update and revise the current Rules and Regulations of the Department of Revenue Relating to Ad Valorem (Property) Taxes. The current rules have been in effect since 1975. They have been revised many times. Once in 1976, 1979, 1982, 1983, 1984, 1985, and again in 1986; however, it is the announced intention of the Department of Revenue to revise the rules whenever conditions, economic or otherwise, dictate a need for revision. It is now the opinion of the Commissioner of Revenue that the rules should be revised.

This document has been prepared as a verbatim affirmative presentation of the facts necessary to establish the statutory authority, need for, and reasonableness of the proposed new rules. It is submitted pursuant to Minn. Rule 1400.0500 requiring a Statement of Need and Reasonableness.

A Notice of Intent to Solicit Outside Information or Opinions in the preparation of these proposed rules was published in the State Register on March 16, 1987 (11 S.R. 1639). Written comments were received from a number of utilities and were considered by the agency in the preparation of these rules. Additionally, an open forum type discussion meeting was held on February 24, 1987. This meeting was attended by members of the Department of Revenue together with city and county assessors and representatives of various utility companies. A list of those in attendance, the agenda, meeting notes, and correspondence received relative to this meeting is available in the Department of Revenue. Various suggestions and comments made at these meetings were received and duly considered by the agency.

**Authority to Adopt Rules**

Minn. Stat. § 270.06 (14) states that the ..."Commissioner of Revenue may promulgate rules and regulations for the administration and enforcement of the property tax. Such rules and regulations shall have the force and effect of law..." The above captioned rules are encompassed within this authority.

Further, Minn. Stat. § 270.11, Subd. 1 and 6 gives the Commissioner of Revenue the authority to review, modify, revise, raise or lower the assessed valuation of any real or personal property of any individual, co-partnership, company, association or corporation. The Commissioner of Revenue is also charged with the responsibility under Minn. Stat. §§ 273.33, Subd. 2; 273.37, Subd. 2; and 273.38 of assessing the... "personal property, consisting of the pipeline system of mains, pipes and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline or other petroleum products by pipelines... transmission lines of less than 69kv, transmission lines of 69kv and above located in an unorganized township and distribution lines, (of electric companies) and equipment attached thereto, having a fixed situs outside the corporate limits of cities... the distribution lines, and the attachments and appurtenances thereto, (of electric companies) used primarily for supplying electricity to farmers at retail...". Such assessments are best discharged through the promulgation of such rules as are being proposed here.

**Adoption of Proposed Rules**
**Need and Reasonableness**

The agency is currently proposing two revisions to the existing body of the ad valorem rules for utility property. These revisions concern Minn. Rules 8100.0300, Subd. 3, Cost approach.

The first proposed change in the rules concerns the amount of depreciation which will be allowed as a reduction of the cost of the utility's property. There are several types of cost which are used in the appraisal of utilities:

1. Original Cost - Original cost is the actual cost of a property when it was first acquired or constructed.
2. Book Cost - Book cost is the original cost of a property less accrued depreciation.
3. Reproduction Cost - Reproduction cost is the present dollar cost to reproduce a replica of the existing property, i.e. what the property would cost today. Reproduction cost is obtained by trending known costs up or down, depending on whether current construction costs are greater or less than when the property was first constructed.
4. Replacement Cost - Replacement cost is the present dollar cost to replace a property with one having similar or equal usefulness.

The estimation of value by use of the cost approach requires the use of the proper type of cost, and then computing the loss in value due to depreciation.

Depreciation is made up of three factors:

1. Physical deterioration, which is the loss in value from original cost caused by normal use and wearing out of the property.
2. Functional obsolescence, which is a loss in value because of functional deficiencies or inadequacies within the property itself. Normally, functional obsolescence would result from technological changes which result in better, more efficient techniques.
3. Economic obsolescence, which is a loss in value caused by factors outside the property itself.

In the case of electric utilities the various elements of depreciation are considered by the Federal Energy Regulatory Commission which then specifies what rates of depreciation are to be used by the various utilities for different classes of assets.

The four major electric utilities operating within Minnesota are currently at the following depreciation level:

| | |
|---|---|
| Original Cost of Plant in Service | $5,992,049,286 |
| Accrued Depreciation | 1,688,890,630 |
| Net Cost of Plant in Service | 4,303,158,656 |
| Ratio of Depr. to Original Cost | (Approx.) 28% |

The rules now in effect allow the electric companies a maximum of 20% depreciation. The proposed rules would give the companies a partial allowance for the depreciation they show on their books in excess of the maximum depreciation allowance of 20%. This partial allowance is proposed at 20% of the excess depreciation. The difference between the companies' actual book depreciation and the maximum depreciation

rate of 20% plus 20% of the excess depreciation is the agency's method of calculating a replacement cost for the utilities' property and also a hedge against inflation.

Minn. Stat. § 273.11, Subd. 1 requires that ..."all property shall be valued at its market value." With most types of property the concept of market value equates to replacement cost. The owner of a 20 year old three bedroom, 1000 square foot rambler does not have his property valued by the local assessor at the original cost of $20,000; neither does the assessor use book cost. The assessor would use some form of either reproduction or replacement cost. When the house was built in 1967 construction costs must have been approximately $20 per square foot; hence, the selling price, (market value, original cost) of $20,000. Today, inflation has pushed these same construction costs to $70 per square foot, so the market value or replacement cost of the property is $70,000.

The agency recognizes that a multimillion dollar utility does not sell in the same way a three bedroom rambler might. It also recognizes that in most instances the utility is limited in its earnings by its rate base; (rate base is normally original cost less depreciation). However, it is readily apparent that because of inflation the cost of replacing the facilities at today's prices would be more than the original cost at the time of installation. Our holding of the depreciation at a specified maximum attempts to recognize both the wearing out and obsolescence of the facilities together with the fact that to replace or reproduce the facility would produce more value. The agency believes that the proposed maximum depreciation allowance is a reasonable and viable method of accomplishing both these objectives.

The major pipeline and gas distribution companies have the following depreciation levels.

| | |
|---|---|
| Original Cost of Plant in Service | $6,887,021,031 |
| Accrued Depreciation | 2,779,919,945 |
| Net Cost of Plant in Service | 4,107,101,086 |
| Ratio of Depr. to Original Cost | (Approx.) 40% |

The rules now in effect allow pipeline and gas distribution companies a maximum of 50% depreciation. We propose to retain this maximum but once more allow 20% of the excess depreciation to be used as a reduction of the original cost of the plant in service. The overall industry average depreciation rate of 40% does not exceed the maximum allowable depreciation as in the case of electric utilities. The agency is aware of this difference. We believe that because of the dissimilarity between the industries that the depreciation rates are proper. The electric industry is constantly updating and replacing its property so that overall depreciation rate is fairly low. In the pipeline industry, on the other hand, it is common practice to build a line and leave it in place for years. Since the pipes are normally buried they are not easily accessible as are electric wires. In addition, the state of the art in the pipeline industry changes much more slowly than in the electric industry. There are only so many ways you can design a pipe, while new and different ways for transmitting electricity are regularly being discovered. (Witness the change from transporting electricity in A.C. form to the D.C. mode.) There is very little replacement and updating in the pipeline field. Minnesota has operating pipelines which were built in the 1940's. Because of this longer life span of pipeline property, a larger depreciation allowance is necessary to adequately reflect the loss in value of the property. The same rationale holds true in most instances for gas distribution companies.

There is a further consideration to be looked at as well. It is an acknowledged fact that the need for electricity will go on for the foreseeable future. The demand for electric power can be met in a number of ways; by hydro power, nuclear energy or coal fired generating plants. In short, the electric industry is here to stay. Gas and oil in the other hand are not quite as stable or certain. It may well be that a pipeline may not have nearly as long a life as the builder intended either because the source of supply is exhausted, or is cut off for political or economic reasons. This of course, has a decided effect on the market value of the property. A prospective buyer would be much more willing to pay a higher price for a long term monopoly utility, than for a relatively short term speculative utility. The larger depreciation allowance given to pipelines and gas distribution companies is one of the agency's methods of recognizing this fact. We believe the proposal to be reasonable in its concept, and necessary if we are to find a realistic estimate of market value for these types of utilities.

The second change in Minn. Rules 8100 concerns adjusting electric utility property to take into account the effect of inflation on property values. This change is aimed at a specific type of electric utility asset, the major generating plants. The adjustment is accomplished through the use of a special study called the "Average Cost per Kilowatt of Installed Capacity."

The "Average Cost per Kilowatt of Installed Capacity" is a method of replacement cost which computes the national average cost of building a major generating plant. This average is then applied to all major plants operated by a utility. If the national average is higher than the original cost of the plant the original cost is increased to that of the average; if the national average is lower no adjustment is made.

The reason this average is computed and used can best be explained by again using the homeowner as a comparison. The appraiser can best estimate the value of the three bedroom rambler by using two methods; 1) comparable sales, and 2) cost per square foot of construction. It is apparent that major utility generating plants do not sell frequently on the open market. Therefore the comparable sales avenue of appraisal is not generally available to us. Major generating plants are not built on a square foot basis, but rather on a capacity basis. They are measured and classified as to how many kilowatts they can produce operating at maximum capacity. Therefore, instead of using the square foot construction costs of generating plants to estimate current worth, as we would in the case of a house, we utilize cost per kilowatt.

We feel that this is a fair and workable technique of calculating an accurate measure of replacement cost for a number of reasons.

1. It follows accepted appraisal techniques of comparing construction costs for like properties.
2. It makes no adjustment on smaller standby units which are often kept in working condition by a utility for emergency use only.
3. By using the national average, the utility in Minnesota receives the benefit of warm weather building methods which are usually less costly.
4. The method gives the utility the advantage of the most advanced technology used in building power plants, and refutes the argument "We wouldn't build a plant like that today."
5. It typically produces an additional value only for older plants and does not produce an across the board increase for the newer plants.

Notwithstanding the arguments listed above the agency believes that the amount of additional value added to the cost indicator as a result of this average cost study must be tempered in order to achieve an equitable valuation. For this reason the agency proposes to increase the cost indicator of value by only 50% of the gross additional adjustment calculated through the use of the average cost per kilowatt of installed capacity study.

The results of this study have shown a rapid increase in recent years and the agency has proposed various methods to limit the increases so as to retain a reasonable value for older electric generating plants. These methods have included increasing the number of samples used in the study so as to broaden the study base, granting an allowance for pollution control equipment as a deduction from the gross added value, and computing various measures of functional obsolescence which are also used to reduce the gross value added to each generating plant. These measures have proved effective in past years; however, now the agency believes it is time to place a further restriction on the amount of value added to the generating plants, namely factor the increase by 50%. We believe this proposal is reasonable in both its concept and application and is necessary to continue our history of equitable, defensible utility valuation.

(4)

In the Matter of the Proposed Adoption of Rules of the State of Minnesota Governing the Valuation and Assessment of Electric, Gas Distribution and Pipeline Companies (Utilities)

AFFIDAVIT OF MAILING

STATE OF MINNESOTA )
COUNTY OF RAMSEY ) ss.

Ronald K. Cook, being first duly sworn deposes and says:

That on the 20 day of April 19 87, at the City of St. Paul, County of Ramsey, State of Minnesota, he served the attached Notice of Intent to Adopt Rules Without Public Hearing by depositing in the State of Minnesota Central Mail System for United States mailing at said City of St. Paul, a copy thereof, properly enveloped, with postage prepaid, on all persons and associations who have requested that their names be placed on file with the State of Minnesota for the purpose of receiving notice of the proposed adoption of rules by this Department.

Ronald K Cook
Ronald K. Cook

Subscribed and sworn to before me
this 20th day of April, 19 87.

Patricia Zentzis

PATRICIA ZENTZIS
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
MY COMMISSION EXPIRES APRIL 19, 1989

# CONTENTS


## MINNESOTA RULES: Amendments & Additions

Issues 40-44 inclusive ..... 2024

## PROPOSED RULES

### Education Department
Licensure for directors of special education ..... 2025

### Labor & Industry Department
Withdrawal of proposed rules governing prevailing wage ..... 2028

### Revenue Department
Revenue; utilities ..... 2029

### Teaching Board
License criteria ..... 2034

## OFFICIAL NOTICES

### Administration Department
Finance Commissioner's addendum to notice of proposed rules relating to building code certification maintenance ..... 2043

### Agricultural Resource Loan Guaranty Board
Public hearing on a proposed project under the loan guaranty board ..... 2043

### Education Department
Opinion sought on rules for the statewide management information system ..... 2044

### Energy & Economic Development Department
Tax exempt financing issuance authority ..... 2044

### Health Department
Commissioner's request to report cases, suspect cases, carriers and deaths due to *listeria monocytogenes* ..... 2045

### Metropolitan Council
Candidate sludge ash site dismissal ..... 2046
Commencement of a metropolitan significance review of the proposed arena for the National Basketball Association franchise for Minneapolis ... 2046
Preliminary review schedule for proposed arena ..... 2046

### Nursing Home Administrators Examining Board
Opinion sought on rules for licensure of nursing home administrators ..... 2047

### Public Safety Department
Meeting notice for Local Committee Appointment and Rules Subcommittee of the Hazardous Substance Advisory Committee/Minnesota State Emergency Response Commission ..... 2047

### Secretary of State
Opinion sought on rules for standard ballot formats and bonding of vendors ..... 2048

### Teachers Retirement Association
Meeting notice ..... 2048

### Transportation Department
Debarment order for Douglas A. Rupp ..... 2048
Debarment order for Rupp Construction Company, Inc. ..... 2049
Notice for prequalifications of consultants for the development of a state aviation system plan ..... 2049

## STATE CONTRACTS & ADVERTISED BIDS

### Administration Department
Commodities and requisitions open for bid ..... 2050
Request for proposals to provide diagnostic and referral services for the State Employee Assistance Program ..... 2051
Request for proposals for graphic arts design ..... 2051

### Corrections Department
Request for proposals for food service management, general psychological treatment program, and sexual offender treatment program ..... 2051

### Human Services Department
Request for proposals for medical services for Brainerd Regional Human Services Center ..... 2052
Request for proposals for the development of a parenting skills educational curriculum for chemically dependent or abusive mothers and their children ..... 2052
Availability of health care consultation contracts ..... 2053

### Jobs & Training Department
Request for proposals for operation of dislocated worker program ..... 2054

### Pollution Control Agency
Request for qualifications for consultants ..... 2054

### Veterans Affairs Department
Request for various medical services ..... 2055

## NON-STATE PUBLIC CONTRACTS

### Metropolitan Waste Control Commission
Request for information from vendors of packaged software ..... 2055
Request for proposals for furnishing of wastewater grit recycling services for metropolitan wastewater treatment plant ..... 2056

### Ramsey County
Request for proposals for office building site development ..... 2056

## SUPREME COURT DECISIONS

Decisions filed Friday 24 April 1987 ..... 2057

## TAX COURT DECISIONS

Decisions filed Friday 17 April (Docket Nos. 4510 and 4541) and Wednesday 22 April (Docket No. 4498) ..... 2057

# Department of Revenue

## Proposed Permanent Rules Relating to Revenue; Utilities

### Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the State Department of Revenue, Property Review Division proposes to adopt the above-entitled rules without a public hearing. The Commissioner has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes, sections 14.21 to 14.28.

Persons interested in these rules shall have 30 days to submit comments on the proposed rules. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change in the proposed language.

Unless twenty-five or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment period, a public hearing will not be held. In the event a public hearing is required, the agency will proceed according to the provisions of Minnesota Statutes, sections 14.13 to 14.18.

Persons who wish to submit comments or a written request for a public hearing should submit such comments or request to:

Ronald Cook
Property Review Division
Minnesota Department of Revenue
P.O. Box 64446
St. Paul, Minnesota 55164
(612) 642-0486

Authority for the adoption of these rules is contained in Minnesota Statutes, section 270.06 (14). Additionally, a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rules and identifies the data and information relied upon to support the proposed rules has been prepared and is available from Ronald Cook, at the above mentioned address, upon request.

Upon adoption of the final rules without a public hearing, the proposed rules, this Notice, the Statement of Need and Reasonableness, all written comments received, and the final Rules as Adopted will be delivered to the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the final rules as proposed for adoption, should submit a written statement of such request to Ronald Cook, at the above listed address.

The rules proposed for adoption relate to the following matters:

1. A partial recognition of excess depreciation for utility companies which have reached maximum allowable depreciation levels.

2. A reduction in the gross amount to be added to the cost approach to value as a result of the average cost per kilowatt of installed capacity study as applied to the valuation of electric generating plants.

Copies of this Notice and the proposed rules are available and may be obtained by contacting Ronald Cook.

Dennis A. Erno
Assistant Commissioner of Revenue

### Rules as Proposed

**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 De-

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

partment 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 ~~1986~~ 1987 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. **General.** Because of the unique character of public utility companies, such as being subject to stringent government regulations over operations and earnings, the traditional approaches to valuation estimates of property (cost, capitalized income, and market) must be modified when utility property is valued. Consequently, for the ~~1986~~ 1987 and subsequent assessment years, the value of utility company property will be estimated in the manner provided in this chapter.

Subp. 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 ~~ten~~ 20 percent of the excess.

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**

| Plant | Plant Cost Excluding Land | Plant Capacity |
|---|---|---|
| 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**

| | | |
|---|---|---|
| 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**

| Plant | Plant Cost Excluding Land | Cost of Approved Pollution Control Equipment |
|---|---|---|
| A | $15,200,000 | $1,500,000 |
| B | 10,000,000 | 1,000,000 |
| C | 5,000,000 | 700,000 |
| D | 20,000,000 | 2,000,000 |
| E | 16,500,000 | 1,470,000 |
| | $66,700,000 | $6,670,000 |

Total cost of approved pollution control equipment ($6,670,000) divided by total plant cost ($66,700,000) equals ten percent ratio of pollution control equipment expenditures to total expenditures for generating plant construction.

**XYZ Utility**

**Steam-Electric Plant #2**

| | |
|---|---|
| 1. Additional Cost Due to Computation of Average Cost per kw of Installed Capacity | $2,500,000 |
| 2. 10% Allowance for Pollution Control Equipment | 250,000 |
| 3. Additional Cost to be Added after Adjustment for Pollution Control Equipment | 2,250,000 |

The allowance for obsolescence which will be applied to the additional plant construction cost will be computed annually for hydroelectric and steam-electric generating plants. The information needed to compute the obsolescence factors will be drawn from the same publication that is used to compute the national average cost per kilowatt of installed capacity figure. Gas turbine plants will not have any obsolescence allowance applied to the additional cost added to the plants.

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

The obsolescence allowance for hydroelectric plants will be calculated through the use of a "plant factor." The plant factor is computed by dividing the number of kilowatt hours a generating plant actually produced in a year by the number of kilowatt hours the plant was capable of producing. The plant factor is normally expressed as a percentage. The mathematical expression of this factor is: net generation (kwh) divided by annual installed capacity (hours in a year multiplied by installed capacity (kw)). A standard plant factor will be 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**

| Plant | Net Generation kwh (000) | Plant Capability kwh (000) | Plant Factor |
|---|---|---|---|
| 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**

| Year | Net Generation kwh (000) | Plant Capability kwh (000) | Plant Factor |
|---|---|---|---|
| 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 Hydro-Electric 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 ~~1986~~ 1987 and subsequent assessments the additional cost after adjustments for obsolescence to be added to the cost indicator of value will be multiplied by ~~85~~ 50 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**

| Plant | Net Generation kwh (Millions) | Btu's Used (Millions) | Btu's per kwh |
|---|---|---|---|
| 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**

| Net Generation kwh (Millions) | Btu's Used (Millions) | Btu's 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**

| | |
|---|---|
| 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 | ~~85%~~ 50% |
| 8. Net additional cost to be added | ~~$1,806,250~~ $1,062,500 |

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:

| | |
|---|---|
| 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 | $ 2,000,000 |

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| | | |
|---|---|---|
| 4. Total Plant | | $207,500,000 |
| 5. Nondepreciable Plant (Land, Intangibles, C.W.I.P.) | | $ 17,500,000 |
| 6. Depreciable Plant | | $190,000,000 |
| 7. Book Depreciation | | $ 40,000,000 |
| 8. Maximum Depreciation (20%) | | $ 38,000,000 |
| 9. ~~10%~~ 20% Excess Depreciation Allowance | ~~200,000~~ | $ 400,000 |
| 10. Total Allowable Depreciation | ~~$38,200,000~~ | $ 38,400,000 |
| 11. Total Cost Indicator of Value | ~~169,300,000~~ | $169,100,000 |

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. to 8. [Unchanged.]

# Board of Teaching

## Proposed Permanent Rules Relating to License Criteria

### Notice of Hearing

NOTICE IS HEREBY GIVEN that a public hearing on the above-entitled matter will be held at the Science Museum of Minnesota, Auditorium, Concourse Level, 30 E. Tenth Street, St. Paul, Minnesota 55101, on June 8, 1987, commencing at 9:00 a.m. and continuing until all interested persons have had an opportunity to be heard. The proposed rules may be modified as a result of the hearing process. Therefore, if you are affected in any manner by the proposed rules, you are urged to participate in the rule hearing process.

Following the agency's presentation at the hearing, all interested or affected persons will have an opportunity to participate. Such persons may present their views either orally at the hearing or in writing at any time prior to the close of the hearing record. All evidence presented should be pertinent to the matter at hand. Written material not submitted at the time of the hearing which is to be included in the hearing record may be mailed to Peter C. Erickson, Administrative Law Judge, Office of Administrative Hearings, 400 Summit Bank Building, 310 Fourth Avenue South, Minneapolis, Minnesota 55415, telephone 612/341-7606 either before the hearing or within five working days after the public hearing ends.

The Administrative Law Judge may, at the hearing, order the record be kept open for a longer period not to exceed 20 calendar days. The comments received during the comment period shall be available for review at the Office of Administrative Hearings. Following the close of the comment period, the agency and all interested persons have three business days to respond in writing to any new information submitted during the comment period. During the three-day period, the agency may indicate in writing whether there are amendments suggested by other persons which the agency is willing to adopt. No additional evidence may be submitted during the three-day period. The written responses shall be added to the rulemaking record.

Upon the close of the record, the Administrative Law Judge will write a report as provided for in Minnesota Statutes, Section 14.50. The rule hearing is governed by Minnesota Statutes, Sections 14.14 to 14.20 and by Minnesota Rules, Parts 1400.0200 to 1400.1200. Questions about procedure may be directed to the Administrative Law Judge.

NOTICE IS HEREBY GIVEN THAT a Statement of Need and Reasonableness is now available for review at the agency and at the Office of Administrative Hearings. This Statement of Need and Reasonableness includes a summary of all the evidence and argument which the agency anticipates presenting at the hearing justifying both the need for and the reasonableness may be reviewed at the agency or the Office of Administrative Hearings and copies may be obtained from the Office of Administrative Hearings at the cost of reproduction.

The agency intends to present only a short summary of the Statement of Need and Reasonableness at the hearing but will answer questions raised by interested persons. You are, therefore, urged to review the Statement of Need and Reasonableness before the hearing. Additional copies will be available at the hearing.

The rules will establish standards and procedures for the issuance of provisional licenses, will amend the rules governing the issuance and renewal of continuing licenses, will establish the standards of licensure for teachers of family education/parent educator and family education/early childhood family educator, establish standards of licensure for media generalists, and repeal obsolete standards of licensure.

The Board's authority to promulgate the proposed rules is provided by Minnesota Statutes Section 125.05, subd. 1 and subd. 6, and Minnesota Statutes Section 125.185, subd. 4.

E

STATE OF MINNESOTA
DEPARTMENT OF REVENUE

In the Matter of the Proposed Adoption of Rules of the State Department of Revenue Governing the Valuation and Assessment of Electric, Gas Distribution and Pipeline Companies (Utility Companies)

ORDER ADOPTING RULES

Notice of the Commissioner's intent to adopt the above-entitled rules without a public hearing was published in the State Register on May 4, 1987 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, section 14.14, subdivision 1 on April 20, 1987. After affording interested and affected persons an opportunity to submit comments for 30 days after Notice, receiving fewer than 25 written requests for a public hearing within the 30-day comment period, reviewing and considering the comments, and determining the need for an reasonableness of the above-captioned rules.

NOW, THEREFORE, IT IS ORDERED that these rules identified as Department of Revenue Rules Chapter 8100 Valuation and Assessment of Electric, Gas Distribution and Pipeline Companies (Utility Companies) are adopted this 9 day of June, 1987 pursuant to authority vested in me by Minnesota Statutes, section 270.06(14).

STATE OF MINNESOTA

COMMISSIONER OF REVENUE

STATE OF MINNESOTA
DEPARTMENT OF REVENUE

In the Matter of the Proposed Adoption of Rules of the State Department of Revenue Governing the Valuation and Assessment of Electric, Gas Distribution and Pipeline Companies (Utility Companies)

ORDER ADOPTING RULES

Notice of the Commissioner's intent to adopt the above-entitled rules without a public hearing was published in the State Register on May 4, 1987 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, section 14.14, subdivision 1 on April 20, 1987. After affording interested and affected persons an opportunity to submit comments for 30 days after Notice, receiving fewer than 25 written requests for a public hearing within the 30-day comment period, reviewing and considering the comments, and determining the need for an reasonableness of the above-captioned rules.

NOW, THEREFORE, IT IS ORDERED that these rules identified as Department of Revenue Rules Chapter 8100 Valuation and Assessment of Electric, Gas Distribution and Pipeline Companies (Utility Companies) are adopted this 9 day of June, 1987 pursuant to authority vested in me by Minnesota Statutes, section 270.06(14).

STATE OF MINNESOTA

COMMISSIONER OF REVENUE

STATE OF MINNESOTA

DEPARTMENT OF REVENUE

In the Matter of the Proposed
Adoption of Rules of the State
of Minnesota, Department of
Revenue Governing the Valuation
and Assessment of Electric, Gas
Distribution and Pipeline Companies
(Utility Companies)

DECLARATION OF ATTORNEY

I, James W. Neher, Special Assistant Attorney General, do hereby declare that I have examined the rules and all related documents and that, based on my examination and my personal familiarity with the application procedures, the Administrative Procedure Act and Chapter 2010, the rules of the Office of Administrative Hearings, and the rules of the Attorney General have been followed. For attorney general billing purposes the four digit Docket Code is 0737.

James W. Neher
Special Assistant Attorney General

**STATE OF MINNESOTA**

**DEPARTMENT OF REVENUE**

In the Matter of the Proposed Adoption of Rules of the State of Minnesota, Department of Revenue Governing the Valuation and Assessment of Electric, Gas Distribution and Pipeline Companies (Utility Companies)

STATEMENT OF COMPLIANCE WITH RULEMAKING PROCEDURES

I, Dorothy A. McClung, Director of Legal and Legislative Affairs, do hereby declare that I have examined the rules and all related documents and that, based on my examination and my personal familiarity with the application procedures, the Administrative Procedure Act, the rules of the Office of Administrative Hearings, and the rules of the Attorney General have been followed.

Dorothy A McClung

DOROTHY A. McCLUNG, Director
Legal and Legislative Affairs

SP:6-5

(D)

STATE OF MINNESOTA

DEPARTMENT OF REVENUE

IN THE MATTER OF THE PROPOSED ADOPTION OF RULES OF THE STATE DEPARTMENT OF REVENUE GOVERNING THE VALUATION AND ASSESSMENT OF ELECTRIC, GAS DISTRIBUTION AND PIPELINE COMPANIES (UTILITY COMPANIES)

CERTIFICATE OF COMPLETENESS AND ACCURACY

I hereby certify that the attached pages number 1 through 30 consisting of 334 typewritten names and addresses constitute the complete list of persons, associations and other interested groups who, as of 8 o'clock a.m., this 2nd day of April, 1987, have requested pursuant to Minn. Stat. Section 14.14, subd. 1, that their names be placed on file with the Department of Revenue for the purpose of receiving notice of public hearing on proposed rules on the subject captioned above.

STATE OF MINNESOTA
T. J. TRIPLETT
COMMISSIONER OF REVENUE

By Mary Lacho
Mary Lacho
Legal & Legislative
Affairs Division

STATE OF MINNESOTA

DEPARTMENT OF REVENUE

IN THE MATTER OF THE PROPOSED ADOPTION OF RULES OF THE STATE DEPARTMENT OF REVENUE GOVERNING THE VALUATION AND ASSESSMENT OF ELECTRIC, GAS DISTRIBUTION AND PIPELINE COMPANIES (UTILITY COMPANIES)

CERTIFICATE OF COMPLETENESS AND ACCURACY

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STATE OF MINNESOTA
T. J. TRIPLETT
COMMISSIONER OF REVENUE

By Mary Lacho

Mary Lacho
Legal & Legislative
Affairs Division

**MAILING LIST FOR OFFICIAL NOTICE OF AGENCY RULEMAKING #1**

Advocate for the Blind
1821 University Avenue, Rm. 389S
St. Paul, MN 55104

Mr. Allard, C.P.A.
201 West Burnsville Parkway
Suite 130M
Burnsville, MN 55337

American Legion Club
Box 183
Hill City, MN 55748

Anderson & Peterson, LPAs
Dodge Professional Building
Moose Lake, MN 55767

David J. Anderson
Certified Public Accountant
2415 Annapolis Lane, Suite 110
Minneapolis, MN 55441

Dwight C. Anderson, C.P.A.
Box 2924
Fargo, ND 58108

Anderson, Johnson & Co., Ltd.
Certified Public Accountants
1068 South Lake St.
Forest Lake, MN 55025

Anderson, Keszler & Associates
Accountants and Auditors
1202 23rd Street So., Box 2924
Fargo, ND 58108

Arrowhead Accounting Service
Box 240
Coleraine, MN 55722

Arsenal Sand & Gravel Co., Inc.
P. O. Box 12707
New Brighton, MN 55112

Association of MN Counties
555 Park, Room 300
St. Paul, MN 55103
Attn: James C. Shipman
Executive Director

Ausmus Furniture & Carpet
Hinckley, MN 55037

Auto-Soler Co.
5101 Fulton Industrial Blvd. SW
Atlanta, GA 30336
Attn: H. Ensign, General Accountant

Wesley L. Bahl
P. O. Box 822
Faribault, MN 55021

Baljon Accounting
1850 - 8th Avenue
Newport, MN 55055
Attn: Jon Jannetto

Bankers Service Company
1918 W. County Rd. C.
Roseville, MN 55113
Attn: Glenn Thomasen

Edward Barski
1219 S. Second St.
Stillwater, MN 55082

Bauer Built, Inc.
P. O. Box 248
Durand, WI 54736
Attn: Calvin Jacks, Jr.
Operations Manager

Bemidji Area Chamber of Commerce
P. O. Box 806
Bemidji, MN 56601
Attn: Bookkeeper

T. A. Bengtson
Rural Route 2, Box 90
Waterville, MN 56096

L. T. Bensen & Associates
5315 France Avenue North
Minneapolis, MN 55429

Wayne Benson
Benson, Lund & Mattson
P.O. Box 418
Detroit Lakes, MN 56501

Benson Tax Service
3109 Bloomington Ave. S.
Minneapolis, MN 55407
Attn: Peter J. Benson

Benusa T.V. & Appliance, Inc.
109 7th Avenue South
St. Cloud, MN 56301

Best & Flanagan
4040 IDS Center
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Attn: James C. Diracles

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Popham, Haik, et al
4355 IDS Center
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Boehlke & Son, Inc.
Box 86
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Oscar J. Boldt Construction Co.
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Appleton, WI 54912
Attn: Kathy L. Baumann

Bondhus Corporation
Lois M. Payne
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Monticello, MN 55362

Borowicz, Holmgren, Loberg & Co.
Certified Public Accountants
151 West 126th Street
Burnsville, MN 55337

Bowlby, Anfinson, Crandall & Haedt L
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Attn: John M. Broeker

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Attn: Angus M. Vaughan
Legal Assistant

Business and Financial Services
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Cannon Falls, MN 55009

Butler Manufacturing Company
BMA Tower, Penn Valley Park
Kansas City, MO 64141

Byerly's
7171 France Avenue So.
Edina, MN 55435
Attn: Don Hoekstra, Accts. Mgr.

C.A.P. Cooperative Oil Ass'n.
P. O. Box 38
Kettle River, MN 55757

CCSI
P. O. Box 1082
St. Cloud, MN 56302

Caldwell, Taylor & Brown, Ltd.
540 Shelard Plaza North
300 South County Road 18
Minneapolis, MN 55426

Carlisle Accounting Service
14645 Cameo Avenue
Rosemount, MN 55068

Keith Carlson
Senate Tax Committee
205 State Capitol
St. Paul, MN 55155

Carlson, Lundquist & Company
Suite 123, Triad Building
7101 Northland Circle
Minneapolis, MN 55428
Attn: Larry Coleman

Daniel R. Cartier
Post Office Box 41245
10601 Olson Memorial Highway
Plymouth, MN 55441

CCH Computax Inc.
P. O. Box 92938
Worldway Postal Center
Los Angeles, CA 90009
Attn: John Koffroth, Tax Specialist

Chicago, Milwaukee, St. Paul
and Pacific Railroad Comapny
516 W. Jackson Blvd.
Chicago, IL 60608
Attn: Manager-Tax Accounting

Mrs. Laudine Christ
Rural Route #1, Box 90
Wells, MN 56097

Douglas A. Cilz
Pearson & Christenen
24 North 4th Street
Grand Forks, ND 58206-1075

City of Apple Valley
George E. Ballenger, Finance Dir.
14200 Cedar Avenue South
Apple Valley, MN 55124

Concrete Sectional Culvert Company
P. O. Box 1429
Fargo, ND 58102

County Flower Shop
Audrey Van Klompenburg
Route 3, Box 218
Montevideo, MN 56265

Country Furniture
D. J. Meyer Inc.
Lake Park, MN 56554

Crest Electronics
Simon at Third
Dassel, MN 55325
Attn: Carol A. Chap, Office Manager

Custom Printing, Inc.
P. O. Box 1010
1913 2nd Street S.W.
Rochester, MN 55901

Dacotah Paper Co.
1401 - 5th Avenue North
P. O. Box 2727
Fargo, ND 58108

Dan Blank Accounting
213 N. 1st Street
P. O. Box 530
Montevideo, MN 56265

Dayton's
700 on the Mall
Minneapolis, MN 55402
Attn: J.E. Wahl, Property Accounting

Dayton's - Advertising
700 Nicollet Mall
Minneapolis, MN 55402
Attn: Mr. Edward Hannasch

DDD Motel Corporation
111 Range Street
North Mankato, MN 56001
Attn: Shirley Miller, Bookkeeper

Dean's Towing & Auto Parts
P. O. Box 157
Brainerd, MN 56401

H. LeRoy DeBoom
3945 Zarthan Avenue
St. Louis Park, MN 55416

Jim DeChaine
2419 Tunlaw Road N.W.
Washington, D.C. 20007

Deloitte, Haskins & Sells
625 Fourth Avenue So., Suite 1000
Minneapolis, MN 55415
Attn: S. C. Moosbrugger

Lorraine DeMill
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Hibbing, MN 55746

The Denesen Company, Inc.
2836 Colfax Avenue South
Minneapolis, MN 55408
Attn: R. L. Earlywine

Denny's North Star
Box 35
Hill City, MN 55748

Bob Dietrick, Treasurer
City of Excelsior
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Attn: Betty Coleman, Tax Accountant

Parts Service Company
1021 North Front Street
Mankato, MN 56001

Patchin Contracting
319 So. Dewey Street
Fairmont, MN 56031
Attn: H. W. Patchin

Patten Building Supply
Box 959
Winnebago, MN 56098

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
1700 IDS Center
Minneapolis, MN 55402
Attn: L. H. Biegert, Partner

Peavey Company
Peavey Building
730 - 2nd Avenue South
Minneapolis, MN 55402
Attn: J. J. Knip, Jr., Treasurer

Pemalaj & Associates
2800 East Cliff Road
Suite 150
Burnsville, MN 55337

Mrs. Jean Peterson
2627 Elmcroft Drive S.W.
Rochester, MN 55901

Marita J. Peterson
Box 246, Webb Lake Road
Hackensack, MN 56452

Phillips Legislative Service Inc.
459 Rice Street
St. Paul, MN 55103

Pickands Mather & Co.
Ste. 811, 200 W. Superior St.
Duluth, MN 55802
Attn: P. D. Brick

Pickands Mather & Co.
1100 Superior Avenue
Cleveland, OH 44114
Attn: T. J. Manthey

Steven E. Pierce
323 E. Blue Earth
Fairmont, MN 56031

Pioneer Hi-Bred International, Inc.
1206 Mulberry Street
Des Moines, IA 50308
Attn: Karen Benhart, Tax Manager

Pipestone Cooperative Ass'n
202 N.W. 2
Pipestone, MN 56164

Thomas M. Polt
Attorney at Law
McCarthy Building
Eyota, MN 55934

Poly-Tech
1401 West 94th Street
Minneapolis, MN 55431
Attn: Geno Tamparelli

Orville H. Prechel
Public Accountant
3560 Dakota Avenue
St. Louis Park, MN 55416

PRENTICE-HALL, Inc.
Englewood Cliffs, NJ 07632
Attn: R. Jerry Alba
Planning Coordinator
State and Local Taxes

Prentice-Hall, Inc.
Englewood Cliffs, NJ 07632
Attn: Stephen L. Taylor

Production Credit
Assoc. of Faribault
P. O. Box 695
Faribault, MN 55021

Proximity Controls, Inc.
Drawer C, Highway 210 E.
Fergus Falls, MN 56537

Professional Instruments Co.
4601 Highway 7
Minneapolis, MN 55416

Ralph's Electric
Route 1, Box 434
Alexandria, MN 56308
Attn: Ralph Ziegelman

Chris Rasmussen
Certified Public Accountant
309 Wallace Street
Ivanhoe, MN 56142

Reese, Winter & Erickson, Ltd.
421 West Fourth Street
Red Wing, MN 55066
Attn: David L. Erickson, C.P.A.

Roger L. Reinhart, C.P.A.
607 Washington Street
Box 425
Brainerd, MN 56401

Revoluntionary Heat Systems, Inc.
241 Second Avenue
Foley, MN 56329

Barbara J. Richter
Box 21
Clear Lake, MN 55319

David G. Roald
Hessian, McKasy & Soderberg
1500 Midwest Plaza West Building
Minneapolis, MN 55402

Roberts-Hamilton Company
P. O. Box 16248
Minneapolis, MN 55416
Attn: John E. Loberg, Vice Pres., Finance
Rogers, Knutson & Company, Ltd.
Certified Public Accountants
211 South Front Street
P. O. Box 876
Mankato, MN 56001

S & FA Reporting Services, Inc.
1101 - 15th Street N.W.
Washington, D.C. 20005
Attn: Regulatory Department

St. Paul Bank for Cooperatives
Farm Credit Banks Building
375 Jackson Street
St. Paul, MN 55101
Attn: Joel A. Huser

St. Paul Co., Inc.
Corp. Law Department
385 Washington Street
St. Paul, MN 55102
Attn: Claudia Smith

Savings League of Minnesota
625 - 2nd Avenue South
Minneapolis, MN 55402

Earl J. Schaefer, LPA, PA
Licensed Public Accountants
Suite 410, Southdale Office Centre
6800 France Avenue South
Edina, MN 55435

Wayne L. Schauble
160 East Main Street
Lewiston, MN 55952

Schneiderman's Furniture Inc.
Route 1
Meadowlands, MN 55765
Attn: Larry Schneiderman

Evelyn L. Schocker
1941 Flandrau Street
St. Paul, MN 55109

S. L. Schroeder
8273 Scott Avenue North
Brooklyn Park, MN 55443

Pamela J. Schwanke, CPA
2124 Dupont Avenue South, Suite 3
Minneapolis, MN 55405
Sell Bros., Inc.
Walnut Grove, MN 56180

Sevenich, Butler, Gerlach & Brazil, Ltd.
901 Jefferson Avenue
St. Paul, MN 55102
Attn: Larry P. Butler

Pamela J. Shea
Accountant
2209 Person Parkway
Brooklyn Park, MN 55444

Shelly's Chips & Paints
918 South Dellwood Street
Cambridge, MN 55008

Shekeda Hearing Conservation, Inc.
P. O. Box 8747
White Bear Lake, MN 55110

Shopko Stores, Inc.
Attn: Carol Wolfe
2800 South Ashland
Green Bay, WI 54303

Sibley House Association
4533 47th Avenue South
Minneapolis, MN 55406
Attn: Mrs. Harper R. Wilcos, Financial Sec.

Ronald B. Sieloff, P.A.
Attorney at Law
9th Floor, Commerce Building
St. Paul, MN 55101

Simma, Flottemesch & Company
Certified Public Accountants
103 North Knowles Avenue
P. O. Box 158
New Richmond, WI 54017

D. D. Simpson
Route 2, Box 69
Park Rapids, MN 56470

Mary Smith
Box 164
Red Barn Building
South Highway 65 & 23
Mora, MN 55051

Smith Sharpening & Repair
Route 2, Box 92
Grove City, MN 56243

Susan Southwick
1400 W. Ryan Ave.
St. Paul, MN 55113

Space Center, Inc.
L. A. Klepperich
444 Lafayette Road
St. Paul, MN 55101

Frank M. Srdar & Associates
7545 16th Avenue South
Minneapolis, MN 55423

Spartan Mechanical, Inc.
9801 Valley View Road
Eden Prairie, MN 55344
Attn: John Pierson, Sec. - Treas.

Springsteel Resort and Marina, Inc.
Warroad, MN 56763
Attn. Dick Soderberg

Standard Upholstering Co., Inc.
Box 8595
Minneapolis, MN 55408
Attn: Maurice L. Londer

Stirtz, Bernards & Casey
Lawrence Mahoney
2010 North Central Life Tower
445 Minnesota Street
St. Paul, MN 55101

Stiles Stores, Inc.
P. O. Box 1068
1550 Grand Avenue
Waukegan, IL 60085

Super Valu Stores, Inc.
Corporate Tax Department
P.O. Box 990
Minneapolis, MN 55440

Super Valu Stores, Inc.
101 Jefferson Avenue South
Hopkins, MN 55343
Attn: Robert J. Murphy
Corporate Tax Manager

Sylvester Brothers
Highway 65 at 221st Ave. NE
Cedar, MN 55011

Tax-MEN, Inc.
923 W. Excelsior
Hopkins, MN 55343
Attn: James C. Berger, Vice President

Technical Services for Electronic, Inc.
P. O. Box 687
Arlington, MN 55307

Tenney Company
207 South First Street
Buffalo, MN 55313
Attn: Mr. Harold Tenney

Kathy Terpstra
Route 2, Box 147
Brooten, MN 56316

Tomas Terres
110 Fourth Street,Box 449
Albany, MN 56307

Edwin E. Thoreson, Inc.
P. O. Box 507
Grand Marais, MN 55604

Thunderbird Aviation
5100 Eden Avenue
Minneapolis, MN 55436
Attn: Steven L. Schadegg, Acct.

Neal Tilsner, Accountant
1119 St. Paul Avenue
St. Paul, MN 55116

Timpte, Inc.
5990 N. Washington Street
P. O. Box 16423
Denver, CO 80216
Attn: Steven M. Alexander

Touche Ross & Co.
900 Pillsbury Center
Minneapolis, MN 55402
Attn: Mark A. Sellner

Tri-County Community Action
Program, Inc.
404 NE 2nd Avenue
Little Falls, MN 56345
Attention: Mark G. Sexton, Planner
Tri-Mac Building Supply, Inc.
571 East Fourth Street
Winona, MN 55987
Attn: Don McNally

TRW Cinch Connectors
Electronic Components Div.
1501 Morse Avenue
Elk Grove Village, IL 60007
Attn: General Accounting Mgr.

Tuscargra Lodge & Outfitters
Gunflint Trail
Grand Marais, MN 55604

Tushner's Market, Inc.
501 E. Third Street
Winona, MN 55987

University of Minnesota
271 19th Avenue S.
645 BA Tower
Minneapolis, MN 55455
Attn: Frederick R. Jacobs, Director
Graduate Studies in Taxation

Village Inn Pancake House, Inc.
400 West 48th Avenue
Denver, CO 80216
Attn. Tax Department

Wagemaker & Wagemaker
Law Offices
106 South Ninth Street
Olivia, MN 56277
Attn: James Wagemaker

Weather Shield Mfg., Inc.
P. O. Box 309
Medford, WI 54451
Attn: Roger M. Orlady, CPA
Assistant Controller

Kielas Weber Renner
11601 Minnetonka Mills Road
Minnetonka, MN 55343

Stan Weinberger
P. O. Box 966
St. Cloud, MN 56301

Wells Drug Co.
36 South Broadway
Wells, MN 56097
R. B. Whitacre & Co., Inc.
P. O. Box 3586
105 State Street
St. Paul, MN 55165
Attn: W. C. Branum

White Motor-Hopkins
130 - 9th Avenue South
Hopkins, MN 55343
Attn: Paul M. Leegard
Personnel Administrator

Whole Person Assoc., Inc.
Box 3151
Duluth, MN 55804

Wiese and Cox, Ltd.
Attorneys at Law
2022 IDS Center
Minneapolis, MN 55402
Attn: Mr. Robert B. Fering

William Mitchell College of Law
875 Summit Avenue
St. Paul, MN 55105
Attn: Mr. Matthew P. Downs

City of Winona
City Hall
4th & Lafayette St.
Winona, MN 55987
Attn: Darrel Johnson, Finance Dir.

John A. Winters
Attorney at Law
119 North Broadway
Crookston, MN 56716

Winthrop, Weinstine & Sexton
Attorneys and Counsellors at Law
1800 Conwed Tower
444 Cedar Street
St. Paul, MN 55101

Wolverton Farmers Elevator
Wolverton, MN 56594

Eleanor Ziesmer
Olivia, MN 56277

Jim Weston, Tax Agent
DOME EXP. & PROD. PIPELINE
P. O. Box 200
Calgary, Alberta, Canada T2 P2 H8

Robert Foster, Director
ENRON, INC. (NORTHERN NAT.)
Property Tax Department
2223 Dodge Street
Omaha, NE 68102

Pat McInerney, Reg. Manager
GREAT LAKES GAS TRANSMISSION
% A & R Pipeline Company
30 W. Mifflin St. - Suite 502
Madison, WI 53703

Jeff Johnson
GREAT PLAINS NATURAL GAS
P. O. Box 176
Fergus Falls, MN 56537

Ken Hillman, Acct'g. Suprv.
Inter City MN Pipeline
PLAINS WESTERN GAS
P. O. Box 219, 1610 Russer Avenue
Brandon, Manitoba CA R7 A5 Z1

Frank Larson, Mgr., Taxes
INTERSTATE POWER COMPANY
1000 Main Street
Dubuque, Iowa 52001

Richard A. Gabbianelle
IOWA ELECTRIC LIGHT & POWER
P. O. Box 351
Cedar Rapids, Iowa 52406

Clarence M. Holm
LAKEHEAD PIPELINE COMPANY
P. O. Box 789
Superior, WI 54880-0789

Richard B. Heltzel, Tax Rep.
MID AMERICA PIPELINE
1800 S. Baltimore Avenue
Tulsa, Oklahoma 74119

Jay Trevino, Tax Agent
MIDWESTERN GAS TRANS. CO.
P. O. Box 2511-Tennessee Bldg.
Houston, TX 77001

Mr. Kay Sharp, Prop. Tax Mgr.
MINNEGASCO, INC.
201 South 7th Street
Minneapolis, MN 55402

Gary Woodman, Sr. Property Agent
MINNESOTA PIPELINE COMPANY
Box 2256
Wichita, KS 67201

Bruce Gangnon, Mgr. Taxes
MINNESOTA POWER COMPANY
30 West Superior Street
Duluth, MN 55802

Mike Gehlen
NORTH CENTRAL PUBLIC SERVICE
1080 Montreal Avenue
St. Paul, MN 55102

Clyde Birch, Prop. Tax Agent
NORTHERN BORDER PIPELINE
2600 Dodge Street
Omaha, NE 68131

Sue Coady
NORTHERN MINNESOTA UTILITIES
910 Cloquet Avenue
Cloquet, MN 55720

Robert Dolan, Prop. Tax Manager
NORTHERN STATES POWER COMPANY
414 Nicollet Mall
Minneapolis, MN 55402

Mark F. Dahlberg, President
NORTHWESTERN WISCONSIN ELECTRIC
Grantsburg, WI 54840

Vern Kester, Supervisor/Taxes
OTTER TAIL POWER COMPANY
215 South Cascade Street
Fergus Falls, MN 56537

Donna Perry, Tax Agent
PORTAL PIPELINE COMPANY
2900 1st National Bank Bldg.
Dallas, TX 75202

Gordon L. Poulson, Property Taxes
UTILICORP. UNITED, INC.
25 Main Place
Council Bluffs, Iowa 51501

Dean Coop, Tax Agent
WILLIAMS PIPELINE COMPANY
P. O. Box 2400
Tulsa, Oklahoma 74101

Gary D. Woodman, Sr. Property Agent
WOOD RIVER PIPELINE
P. O. Box 2256
Wichita, KS 67201

Orbin A. Holt, Sec./Treasurer
BIGFORK VALLEY ELECTRIC SERVICE
Bigfork, Minnesota 56628

Lurie, Eiger, Beiskof & Company
WESTERN GAS UTILITIES
2501 Wayzata Blvd.
Minneapolis, Minnesota 55405

# COUNTY ASSESSORS

County Assessor
Aitkin County
Aitkin, MN 56431

County Assessor
Anoka County
Anoka, MN 55303

County Assessor
Becker County
Detroit Lakes, MN 56501

County Assessor
Beltrami County
Bemidji, MN 56601

County Assessor
Benton County
Foley, MN 56329

County Assessor
Big Stone County
Ortonville, MN 56278

County Assessor
Blue Earth County
Mankato, MN 56001

County Assessor
Brown County
New Ulm, MN 56073

County Assessor
Carlton County
Carlton, MN 55718

County Assessor
Carver County
Chaska, MN 55318

County Assessor
Cass County
Walker, MN 56484

County Assessor
Chippewa County
Montevideo, MN 56265

County Assessor
Chisago County
Center City, MN 55012

County Assessor
Clay County
Moorhead, MN 56560

County Assessor
Clearwater County
Bagley, MN 56621

County Assessor
Cook County
Grand Marais, MN 55604

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Cottonwood County
Windom, MN 56101

County Assessor
Dakota County
Hastings, MN 55033

County Assessor
Douglas County
Alexandria, MN 56308

County Assessor
Dodge County
Mantorville, MN 55955

County Assessor
Faribault County
Blue Earth, MN 56013

County Assessor
Fillmore County
Preston, MN 55965

County Assessor
Goodhue County
Red Wing, MN 55066

County Assessor
Freeborn County
Albert Lea, MN 56007

County Assessor
Grant County
Elbow Lake, MN 56531

County Assessor
Hennepin County
Minneapolis, MN 55487

County Assessor
Hubbard County
Park Rapids, MN 56470

County Assessor
Isanti County
Cambridge, MN 55008

County Assessor
Houston County
Caledonia, MN 55921

County Assessor
Jackson County
Jackson, MN 56143

County Assessor
Itasca County Courthouse
Grand Rapids, MN 55744

County Assessor
Kanabec County
Mora, MN 55051

County Assessor
Kandiyohi County
Willmar, MN 56201

County Assessor
Koochiching County
International Falls, MN 56649

County Assessor
Lake of the Woods County
Baudette, MN 56623

County Assessor
Kittson County
Hallock, MN 56728

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Lac Qui Parle County
Madison, MN 56256

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Two Harbors, MN 55616

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Glencoe, MN 55336

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Warren, MN 56762

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Martin County
Fairmont, MN 56031

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Morrison County
Little Falls, MN 56345

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Meeker County
Litchfield, MN 55355

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Mille Lacs County
Milaca, MN 56353

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Mower County
Austin, MN 55912

County Assessor
Murray County
Slayton, MN 56172

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Nicollet County
St. Peter, MN 56082

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Nobles County
Worthington, MN 56187

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Pine City, MN 55063

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Pipestone, MN 56164

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Polk County
Crookston, MN 56716

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Renville County
Olivia, MN 56277

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Ramsey County Courthouse
St. Paul, MN 55102

County Assessor
Red Lake County
Red Lake Falls, MN 56750

County Assessor
Redwood County
Redwood Falls, MN 56283

County Assessor
Rice County
Faribault, MN

County Assessor
Rock County
Luverne, MN 56156

County Assessor
Roseau County
Roseau, MN 56751

County Assessor
Scott County
Shakopee, MN 55379

County Assessor
Sherburne County
Elk River, MN 55330

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Gaylord, MN 55334

County Assessor
St. Louis County
Duluth, MN 55800

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St. Cloud, MN 56301

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Owatonna, MN 55060

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Stevens County
Morris, MN 56267

County Assessor
Swift County
Benson, MN 56215

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Long Prairie, MN 56347

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Traverse County
Wheaton, MN 56296

County Assessor
Wabasha County
Wabasha, MN 55981

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Wadena County
Wadena, MN 56482

County Assessor
Waseca County
Waseca, MN 56093

County Assessor
Washington County
Stillwater, MN 55082

County Assessor
Watonwan County
St. James, MN 56081

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Winona County
Winona, MN 55987

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Breckenridge, MN 56520

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Buffalo, MN 55313

County Assessor
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Granite Falls, MN 56241

# COUNTY AUDITORS

County Auditor
Aitkin County
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County Auditor
Waseca County
Waseca, MN 56093

County Auditor
Washington County
Stillwater, MN 55082

County Auditor
Watonwan County
St. James, MN 56081

County Auditor
Winona County
Winona, MN 55987

County Auditor
Wilkin County
Breckenridge, MN 56520

County Auditor
Wright County
Buffalo, MN 55313

County Auditor
Yellow Medicine County
Granite Falls, MN 56241

SF-00006-03

STATE OF MINNESOTA

DEPARTMENT OF REVENUE

# Office Memorandum

TO: MS. MARTHA CASSERLY
Attorney General's Office

DATE: June 23, 1987

FROM: G. D. GARSKI, Appraisal Director
Property Tax Review Division

PHONE: 642-0355

SUBJECT: UTILITY RULES

Pursuant to your inquiry as to the impact of our proposed changes to Minnesota Rules Chapter 8100 on small businesses, I have prepared the attached listing. As you can see, the modification we are proposing affects only large companies, none of which fit the definition of small business as defined by M.S. 14.115; therefore, the provision of this section should not apply to our rule making process.

I hope this information suits your needs and will enable you to approve our rules.

GDG:vh

Attachment

RECEIVED
ATTORNEY GENERAL'S OFFICE

JUN 23 1987

204 ADMINISTRATION BLDG.
50 SHERBURNE AVENUE
ST. PAUL, MN 55155

COMPANIES AFFECTED BY UTILITY RULES

| NAME | GROSS SALES | SALARY/EMP. | ADDRESS |
|---|---|---|---|
| DOME PIPELINE | $34,397,269 | $3,207,081 | P.O. BOX 200<br>CALGARY ALBERTA, CANADA T2P 2H8 |
| INTERSTATE POWER | $294,111,923 | 965 | 1000 MAIN STREET<br>DUBUQUE, IOWA 52004 |
| IOWA ELECTRIC LIGHT & POWER | $125,441,463 | 1238 | P.O. BOX 351<br>CEDAR RAPIDS, IA 52406 |
| LAKEHEAD PIPELINE | $194,219,309 | 269 | 119 N 25TH ST E<br>SUPERIOR, WI 54880 |
| MIDWESTERN GAS | $587,953,370 | 197 | P. O. BOX 2511<br>HOUSTON, TX 77001 |
| ENRON CORP | $1,908,080,503 | 3325 | P.O. BOX 1188<br>HOUSTON, TX 77251 |
| NSP CO | $1,182,237,604 | 6110 | 414 NICOLLET MALL<br>MPLS MN |
| OTTERTAIL POWER | $172,220,858 | 850 | 215 S CASCADE ST<br>FERGUS FALLS MN 56537 |
| WILLIAMS CO | $146,913,770 | 708 | P.O. BOX 2400<br>TULSA OK 74102 |
| MINN POWER | $370,153,153 | 1438 | 30 W SUPERIOR ST<br>DULUTH, MN 55802 |

Notice of Intent

Missing - "Comment is encouraged"

- #6 Any person requesting a public hearing should state his or her name + address + is encouraged to identify the ~~th~~ portion of the proposed rule addressed, the reason + the change proposed.

Rule

See proposed - not all new Material

(The "proposed rule" is not in yet, but by looking at the "published rule" there are only a few changes).

Authority

270.06 (14) 6b

14.115 - small biz