



TO: Boards of Assessors
FROM: Marilyn H. Browne, Chief, Bureau of Local Assessment
DATE: June 15, 2010
TOPIC: CERTIFIED PIPELINE VALUATIONS FISCAL YEAR 2011

The Commissioner of Revenue has determined and hereby certifies the full and fair cash valuation of taxable pipelines used for the transmission of natural gas, petroleum or their products or by-products with a distance of twenty-five miles or more as of January 1, 2010. These valuations are certified for fiscal year 2011 under Massachusetts General Laws Chapter 59, Section 38A. The property owner or the board of assessors must appeal the valuations to the Appellate Tax Board (ATB) on or before July 15, 2010.

Taxable Properties

The Commissioner values only those designated pipeline assets that are taxable under the General Laws. With respect to a pipeline corporation, only poles, wires, underground conduits, pipes and machinery used in manufacture is subject to central valuation and taxation under M.G.L. c. 59, § 18, Second and M.G.L. c. 59, § 5, cl. 16(1). A pipeline company doing business as a partnership, trust or limited liability company (LLC) is subject to central valuation and taxation on all machinery and equipment used to provide pipeline service, including Federal Energy Regulatory Commission's Uniform Code of Accounts - 368 (compressor station equipment), 369 (measuring and regulating station equipment), 370 (communication equipment) and 371 (other equipment). M.G.L. c. 59, § 38A; M.G.L. c. 59 § 18, First and Sixth; See also RCN-BecoCom, LLC v. Commissioner of Revenue, 443 Mass. 198 (2005). The Commissioner also values construction work in progress (CWIP).

Company Local Filing Requirements

With respect to **local filing requirements**, pipeline companies organized as partnerships, trusts, LLCs or other unincorporated legal entities are not entitled to any corporate property tax exemptions. M.G.L. c. 59, § 5, cl. 16; M.G.L. c. 63, §§ 30(1), 30(2), 38A, 52A and 68C. The Department of Revenue's Bureau of Local Assessment has received FY2011 pipeline data and a listing of all machinery, equipment and other personalty used for pipeline purposes from Algonquin Gas Transmission, LLC and Maritimes & Northeast Pipeline, LLC. Except for the centrally valued pipeline property, they are subject to local valuation and assessment on all other personal property situated in the community.

Pipeline Company Issues

The following describes significant changes from the prior valuation year:

1. *Algonquin Gas Transmission, LLC* has additional assets that had been previously considered exempt resulting in significant increases from the prior fiscal year. In some communities, the pipeline information changed from prior years due to the additional research that was necessary to identify previously exempt assets.
2. *Maritimes & Northeast Pipeline, LLC* has additional assets that were valued which previously were considered exempt. In FY2010, the value had increased substantially for Massachusetts due to construction work in progress in another state. For FY2011, the construction work in progress was completed in the other state and no longer attributed to Massachusetts, which resulted in a substantial decrease in value for FY2011.

New Growth

The following companies have new growth:

1. *Algonquin Gas Transmission, LLC* has additional assets that had been previously considered exempt. Also, due to additional research required for the inclusion of the previously considered exempt assets, the pipeline assets were increased in some communities. In addition, new pipeline was installed in Medford and Somerville.
2. *Maritimes & Northeast Pipeline, LLC* has additional assets that had been previously considered exempt.
3. *Tennessee Gas Pipeline Company* reported replacement of some pipeline in Lunenburg.

Company List and Addresses

Centrally valued pipeline company billing names and addresses as reported by the companies are posted on our website for your convenience.

Questions regarding valuations may be directed to Walter Sandoval Dusza at 617-626-4087 or John Gillet at 617-626-3605.