



TO: Boards of Assessors
FROM: Joanne Graziano, Chief, Bureau of Local Assessment
DATE: June 13, 2014
TOPIC: CERTIFIED PIPELINE VALUATIONS FISCAL YEAR 2015

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, 2014. These valuations are certified for fiscal year 2015 under Massachusetts General Laws Chapter 59, Section 38A. Any property owner or board of assessors, if aggrieved, must appeal the valuations to the Appellate Tax Board (ATB) on or before July 15, 2014.

Centrally Valued Property

The Commissioner values only those designated pipeline assets that are taxable under the General Laws. As of FY2015, with respect to a pipeline corporation, only poles, wires, underground conduits, pipes and machinery used in the conduct of business is subject to central valuation and taxation under M.G.L. c. 59, § 18, Second and M.G.L. c. 59, § 5, cl. 16(2). See St. 2013, c. 46, §§ 30, 39, 42 and 84. 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 that are not treated as corporations for federal income tax purposes 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) and 38A. The Bureau of Local Assessment has received FY2015 pipeline data and a listing of all machinery, equipment and other personalty used for pipeline purposes from Algonquin Gas Transmission, LLC, Maritimes & Northeast Pipeline, LLC and Tennessee Gas Pipeline Company, 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. Therefore, those companies must file a Form of List with the assessors in all communities where such other personal property is located.

Pipeline Company Issues

The following describes changes from the prior valuation year:

1. *Algonquin Gas Transmission, LLC* has reported an increase in pipeline, machinery and equipment assets in Massachusetts for this fiscal year. This increase in asset costs was less than the additional depreciation which resulted in a value decrease for FY2015.
2. *Maritimes & Northeast Pipeline, LLC* has no change in pipeline, machinery and equipment assets in Massachusetts for this fiscal year. Overall, the value decreased due to additional depreciation for FY2015.

3. *Tennessee Gas Pipeline Company, LLC* has reported an increase in value for FY2015. This was due to the Massachusetts investment being a greater percentage of the total plant reported.
4. *Mobil Pipeline Company* value increased for FY2015 due to an increase in replacement costs which was greater than the depreciation.

New Growth

The following companies have new growth:

1. *Algonquin Gas Transmission, LLC* has additional pipeline, machinery and equipment assets that have been reported this fiscal year.
2. *Tennessee Gas Pipeline Company, LLC* has additional, pipeline, machinery and equipment assets that have been reported this fiscal year.

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 email him at duszaw@dor.state.ma.us