



TO: Boards of Assessors  
FROM: Marilyn H. Browne, Chief, Bureau of Local Assessment  
DATE: May 15, 2009  
TOPIC: CERTIFIED TELEPHONE & TELEGRAPH VALUATIONS  
FISCAL YEAR 2010

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The Commissioner of Revenue has determined and does hereby certify the full and fair cash valuation of taxable telephone and telegraph machinery, poles, wires and underground conduits, wires and pipes of the centrally valued telephone and telegraph companies, as of January 1, 2009. These valuations are certified for fiscal year 2010 under the authority of Massachusetts General Laws Chapter 59, Section 39. The property owner or the board of assessors must appeal the valuations to the Appellate Tax Board (ATB) on or before June 15, 2009.

#### *Taxable Property*

Telephone and telegraph **corporations** have been valued by the Commissioner on all poles, wires, underground conduits, wires and pipes on public or private property, and electric generators. M.G.L. c. 59, § 39; M.G.L. c. 59, § 5, cl. 16(1); M.G.L. c. 59, § 18, First and Fifth. See March 3, 2008 Order in [Verizon New England Consolidated Cases](#), ATB Docket No. C273560, ruling that poles and wires of incorporated telephone and telegraph companies over public ways are taxable under M.G.L. c. 59, § 18, First. **Partnerships, trusts and limited liability companies (LLCs)** have been valued on all poles, wires, underground conduits, wires and pipes on public or private property, and all machinery used to provide telephone or telegraph service (including switching and routing equipment). M.G.L. c. 59, § 39; M.G.L. c. 59, § 18, First and Sixth; [RCN-BecoCom, LLC v. Commissioner of Revenue](#), 443 Mass. 198 (2005). Telephone and telegraph company valuations now include any construction work in progress (CWIP) and all other taxable property in place but not in service (including unlit or dark fiber and dark cable). See March 13, 2008 Decision in [MCI Consolidated Central Valuation Appeals: Boston & Newton](#), ATB Docket No. C269462. Additionally, partnerships, trusts and LLCs are subject to valuation and assessment locally on all other taxable non-telephone personal property. Therefore, a Form of List must be filed in all communities where such other personal property is located. (See the posted list of *FY2010 Centrally Valued Telephone Company Addresses* to identify these companies.)

#### *Overlay Account Provisions – FY2010*

It is anticipated that the [Verizon New England Consolidated Cases](#) will be appealed after an Appellate Tax Board decision is issued. Consequently, assessors must make adequate provisions in the Overlay Account to cover the value of poles and wires erected upon public ways and construction work in progress, a category that also includes property owned but not necessarily in service.

In order to assist assessors to adequately know their potential liability as a result of these cases, the Commissioner is separately providing assessors with the dollar value of poles and wires over public ways as well as CWIP.

### *Company Local Filing Requirements*

With respect to **local filing requirements**, telephone and telegraph companies organized as LLCs, partnerships, trusts 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, 39, 52A and 68C. As such, except for the centrally valued telephone and telegraph property, they are subject to local valuation and assessment on all other personal property situated in community. This may include dedicated cable TV and Internet access machinery of bundled carriers, but all property used for telephone service and also for cable TV and/or Internet access should have been reported centrally and valued as part of this certification.

### *Telephone and Telegraph Company Issues*

The following describes significant changes from the prior valuation year:

1. *MCI Communication Services, Inc.* reported corrected vintage years and communities for some assets.
2. *MCI Metro Access Transmission Services of Massachusetts, Inc.* reported additional underground cable and fiber in Grafton and Westwood as well as several other asset changes.
3. *Qwest Communications Corporation* reported significantly different assets for FY2010. The revisions resulted from matching plant cost data to actual system details, e.g., distance, number of sheaths, number of fibers, etc. Conduit systems were reduced by 55 percent and underground cable-fiber increased by 72 percent.
4. *Verizon New England, Inc.* reported a number of changes from FY2009, the bulk of which relate to the ongoing deployment of fiber to the premises. This deployment is a two to three year project with many related smaller projects making up each larger one. When projects are eligible for reporting the company did not always have complete accounting records so values were assigned to communities and the records were or will be updated upon project completion. The company reports that generators were bar-coded resulting in a more accurate inventory for FY2010 and many changes from the FY2009 values.
5. Inconsistencies in CWIP reporting from FY2009 to new equipment placed in service and reported as new growth for FY2010 were noted by DOR. (Please refer to the *CWIP and New Growth* section for details.)

### *DOR Categorical Listing of Data by Federal Communications Commission Codes (FCC)*

The Department will post to the Internet *Additional Landline Telephone and Telegraph Personality by FCC Code* by community for each of the centrally valued telephone and telegraph companies by any of 23 applicable (FCC) categories used by DOR, plus categories for CWIP and spares by community, on or before June 15, 2009. The additional data will be available on our [website](#) in a second pivot table. That table is for informational purposes only and the numbers will not be rounded. The data provided on the *FY2010 Centrally Valued Telephone and Telegraph Company Values* issued on its May 15, 2009 should be used for billing purposes and for completing the LA4 (Assessment Classification Report) for tax rate setting purposes.

### *CWIP and New Growth*

As a result of the March 13, 2008 Decision in [MCI Consolidated Central Valuation Appeals: Boston & Newton](#), ATB Docket No. C269462, in FY2009 the Department valued construction work in progress for the first time as well as attributing new growth to CWIP for FY2009. The CWIP valuation created a number of unforeseen challenges for the Bureau of Local Assessment. After an exhaustive desk audit of the FY2010 Form 5941 data, we found that we were unable to always correlate the FY2009 CWIP with the new equipment placed in service (calendar year 2008 vintage) and identified as new growth, to meet our standards.

It appears that CWIP is a single statewide bookkeeping account into which companies post monthly estimates of costs of construction. Until the work is complete and the personalty placed in service, companies may not add indirect costs or identify items by FCC code of accounts or vintage year. Also, our audit revealed that in some instances (1) non-taxable property was included, (2) companies allocated property to the wrong communities, (3) equipment was not placed in service the following year, (4) projects were abandoned, (5) companies could not always identify which items placed in service were CWIP in the previous year and (6) items did not track from one year to the next using a dollar comparison due to the addition of indirect costs.

Consequently, in an effort to comply with the Appellate Tax Board, BLA will continue to value CWIP. However, to avoid double counting last year's CWIP as new growth in the current year and to be as accurate as possible, faced with the companies' reporting limitations, we will subtract the prior year's CWIP number (FY2009) from the total new growth identified by companies for each community in the current year (FY2010). In the event that a company reported a larger amount of CWIP in the prior year than new growth in the current year, we will net the community's new growth only to zero, never a negative number. In the majority of instances we believe that growth from items placed in service will be higher than the prior year's CWIP due to the addition of indirect costs.

New growth will remain a completely separate calculation so as not to affect the DOR's mass appraisal valuation model.

#### *Company Lists and Addresses*

Centrally valued telephone and telegraph company billing names and addresses as reported by the companies are posted on this website for your convenience. Also, we have provided a list of companies that filed state returns but were not centrally valued. Those companies and all others that did not file central returns should be valued locally.

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