

**8100.0100 DEFINITIONS.**

Subpart 1. **Scope.** As used in this chapter, the following words, terms, and phrases shall have the meanings given to them by this part, except where the context clearly indicates a different meaning.

Subp. 2. **Allocation.** "Allocation" means the process of dividing the unit value of a utility company among the states in which the utility operates.

Subp. 3. **Apportionment.** "Apportionment" means the process of distributing that portion of the utility company's unit value which has been allocated to Minnesota to the various taxing districts in which the utility company operates.

Subp. 3a. **Beta.** "Beta" is the measure of a stock's volatility compared with a measurement of the overall market. A beta of less than one indicates lower-than-market risk; a beta of more than one indicates a higher-than-market risk. Beta is part of the capital asset pricing model.

Subp. 4. **Book depreciation.** "Book depreciation" means the depreciation shown by a utility company on its corporate books, and allowed the company by various regulatory agencies.

Subp. 5. **Capitalization rate.** "Capitalization rate" means the relationship of income to capital investment or value, expressed as a percentage.

Subp. 5a. [Repealed, 24 SR 1106]

Subp. 5b. **Contributions in aid of construction.** "Contributions in aid of construction" is money paid to another utility, to be used directly or indirectly for the construction or acquisition of plant; or the contribution of property that is used as plant.

Subp. 5c. **Cooperative association.** "Cooperative association" includes municipal power agencies and pipelines that are not common carriers.

Subp. 6. **Electric company.** "Electric company" means any company engaged in the generation, transmission, or distribution of electric power, excluding municipal corporations.

Subp. 7. **Gas distribution company.** "Gas distribution company" means any company engaged in the distribution of natural or synthetic gas, excluding municipal corporations.

Subp. 8. MR 1989 [Repealed, 14 SR 1806]

Subp. 8. **Integrated company.** "Integrated company" means any company engaged in two or more utility operations within Minnesota, such as electric distribution and gas distribution, within the framework of one corporate structure.

Subp. 9. MR 1989 [Renumbered 8100.0100, subpart 8]

Subp. 9. **Net operating earnings.** "Net operating earnings" means earnings from the system plant of the utility after the deduction of operating expenses, depreciation, and taxes, but before any deduction for interest.

Subp. 10. MR 1989 [Repealed, 14 SR 1806]

Subp. 10. **Non-formula-assessed property.** "Non-formula-assessed property" means property of a utility which is valued by the local or county assessor rather than by the commissioner of revenue.

Subp. 11. MR 1989 [Renumbered 8100.0100, subpart 9]

Subp. 11. **Operating property.** "Operating property" means any tangible property that is owned or leased, except land, which is directly associated with the generation, transmission, or distribution of electricity, natural gas, gasoline, petroleum products, or crude oil. Examples of operating property include, but are not limited to, substations, transmission and distribution lines, generating plants, and pipelines. Property that is located on the same or contiguous parcels of land as operating property is presumed to also be operating property. Land is always nonoperating property.

Subp. 11a. **Original cost less depreciation.** "Original cost less depreciation" means the original cost of the property to the present owner, minus any depreciation attributable to the property.

Subp. 12. MR 1989 [Renumbered 8100.0100, subpart 10]

Subp. 12. **Pipeline company.** "Pipeline company" means any company engaged in the transmission of natural gas, gasoline, petroleum products, or crude oil via a fixed line of pipes.

Subp. 13. MR 1989 [Renumbered 8100.0100, subpart 11]

Subp. 13. **Qualifying construction work in progress.** "Qualifying construction work in progress" means the cost of materials and associated charges which are not yet placed in a permanent site.

Subp. 13a. **Relative risk.** "Relative risk" means the risk of a stock as measured by its beta.

Subp. 13b. **Risk-free rate.** "Risk-free rate" means the theoretical rate of return on an absolutely riskless investment, measured by long-term United States government securities.

Subp. 13c. **Risk premium.** "Risk premium" means the return over and above the risk-free rate.

Subp. 14. MR 1989 [Renumbered 8100.0100, subpart 12]

Subp. 14. **System plant.** "System plant" means the total tangible property, real and personal, of a company which is used in its utility operations in all states in which it operates.

Subp. 14a. MR 1989 [Renumbered 8100.0100, subpart 13]

Subp. 15. MR 1989 [Renumbered 8100.0100, subpart 14]

Subp. 15. **Throughput.** "Throughput" means the amount of product measured in barrels, gallons, or cubic feet which passes through a pipeline.

Subp. 16. MR 1989 [Renumbered 8100.0100, subpart 15]

Subp. 16. **Unit value.** "Unit value" means the value of the entire system plant of a utility company taken as a whole without any regard to the value of its component parts.

Subp. 17. MR 1989 [Renumbered 8100.0100, subpart 16]

Subp. 17. [Repealed, 21 SR 749]

Subp. 18. MR 1989 [Renumbered 8100.0100, subpart 17]

**Statutory Authority:** *MS s 270.06; 270.11; 270C.06*

**History:** *14 SR 1806; 21 SR 749; 24 SR 1106; L 2005 c 151 art 1 s 114; 31 SR 1317*

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