

8100.0400 ALLOCATION.

Subpart 1. **General.** After the unit value of the utility property has been estimated, the portion of value which is attributable to Minnesota must be determined. Each of the factors in the allocation formula is assigned a weighted percentage to denote the relative importance assigned to that factor. The resulting sum of the weighted factors multiplied by the unit value yields the valuation of the utility property which is, after the adjustments described in part 8100.0500, subject to ad valorem tax in the state of Minnesota.

Subp. 2. **Electric companies.** The original cost of the utility property located in Minnesota divided by the total original cost of the property in all states of operation is weighted at 90 percent. Gross revenue derived from operations in Minnesota divided by gross operations revenue from all states is weighted at ten percent.

The following example illustrates this formula, assuming a unit value of \$20,000,000.

1. Minnesota Plant Cost	\$115,000,000			
		x .90	=	50.49%
2. System Plant Cost	\$205,000,000			
3. Minnesota Gross Revenue	\$40,000,000			
		x .10	=	3.8%
4. System Gross Revenue	\$105,000,000			
5. Total Percentage Allocable to Minnesota				54.29%
6. Unit Value of System Plant				\$20,000,000
7. Amount of Value Allocable to Minnesota				\$10,858,000

Subp. 3. **Gas distribution companies.** The allocation of value of gas distribution companies must be made considering the same factors as are used to determine the allocation of value of electric companies. The weight given to the original cost factor is 75 percent, and gross revenue is weighted 25 percent.

Subp. 4. **Pipeline companies.** The allocation of pipeline companies is equal to the original cost of the utility property located in Minnesota divided by the total original cost of the property in all states of operation weighted at 75 percent. Additionally, throughput of product from operations in Minnesota divided by throughput of product from operations in all states is weighted at 25 percent.

The following example illustrates the allocation of value of property of a pipeline company and the weights given to each factor:

1. Minnesota Plant Cost	\$13,500,000		
		x .75	= 25.76%
2. System Plant Cost	\$39,300,000		
3. Minnesota Throughput (Mcf or Barrel miles)	8,940,000	x .25	= 8.01%
4. System Throughput (Mcf or Barrel miles)	27,900,000		
5. Total Percentage Allocable to Minnesota			33.76%

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

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

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