

EB-2015-0206
Municipal Property Assessment Corporation
Responses to Interrogatories from
Ontario Energy Board Staff

Reference: MPAC's Evidence, dated September 15, 2015

Preamble: MPAC filed 4 sets of data without providing a rationale and purpose for including this information:

- Tab A: The "GRAD Document" with the data used in the 2012 Current Value Assessment for Tribute;
- Tab B: a table with all of the pipelines assessed to Tribute;
- Tab C: all of the pipelines assessed to Dundee Energy by Municipality;
- Tab D: includes all of the field gathering pipelines in Ontario assessed using regulated rates set in Table 2 of O.Reg 282/98.

Interrogatory 1:

- (a) Referring to Tabs A and B, please explain the regulatory basis and the method applied to assess Tribute's pipelines.
- (b) In the context of Tribute's application, please explain the purpose and relevance of including the information contained in Tab C and D.
- (c) Please identify the sections that contain the assessment of the pipelines subject to dispute between Tribute and MPAC

Interrogatory 1 Response:

- (a) Pursuant to s. 25 of the *Assessment Act*, transportation or transmission pipe lines are assessed per foot based on their diameter. In short, the pipe line diameter and type is determined and then the length of the pipe line is multiplied by the regulated rate. The first and third entry of on Tab A of MPAC's Evidence are used as examples below.

Example 1: First entry on Tab A of MPAC's Evidence:

The first entry is for a pipe line that is 30,732 feet long ("Length" column) and 4 to 4.5 inches in diameter ("Diameter of Pipe" column). It has been assessed under Table 3 of O.Reg. 282/98 ("Type of Pipe" column):

EB-2015-0206
Municipal Property Assessment Corporation
Responses to Interrogatories from
Ontario Energy Board Staff

TABLE 3
 PIPE LINES OTHER THAN THOSE TO WHICH TABLE 1 OR 2
 APPLIES — 2013 TO 2016 TAXATION YEARS

Outside Diameter (in inches)	Rate (in dollars per foot)
...	...
4 to 4.5	28.89
...	...

Therefore, its assessment has been calculated as follows:

30,732 X \$28.89 per foot = \$887,847.48 ("RCN¹" column)

Pursuant to Table 5, pipe lines receive a regulated percentage reduction for depreciation.

TABLE 5
 PIPE LINES OTHER THAN THOSE TO WHICH TABLE 4
 APPLIES — 2013 TO 2016 TAXATION YEARS

Year of Installation of Pipe Line	Percentage Reduction
...	...
2004	16
...	...

Therefore, the final assessed value is the RCN of \$887,847.48 calculated above, less 16% Depreciation ("Depreciation" column) = \$745,791.88 ("RCNLD²" column)

Example 2: Third entry on Tab A of MPAC's Evidence:

The third entry under this roll number includes a pipe line that is 9,040 feet long ("Length" column) and 6 to less than 8 inches in diameter ("Diameter

¹ RCN = Replacement Cost New

² RCNLD = Replacement Cost New Less Depreciation

EB-2015-0206
Municipal Property Assessment Corporation
Responses to Interrogatories from
Ontario Energy Board Staff

of Pipe” column). It has been assessed under Table 2 of O.Reg. 282/98 (“Type of Pipe” column):

TABLE 2
 PLASTIC FIELD GATHERING PIPE LINES AND PLASTIC GAS
 DISTRIBUTION PIPE LINES — 2013 TO 2016 TAXATION YEARS

Outside Diameter (in inches)	Rate (in dollars per foot)
...	...
6 to less than 8	31.10
...	...

Therefore, its assessment has been calculated as follows:

9,040 X \$31.10 per foot = \$281,144.00 (“RCN” column)

Pursuant to Table 5, pipe lines receive a regulated percentage reduction for depreciation.

TABLE 5
 PIPE LINES OTHER THAN THOSE TO WHICH TABLE 4
 APPLIES — 2013 TO 2016 TAXATION YEARS

Year of Installation of Pipe Line	Percentage Reduction
...	...
2004	16
...	...

Therefore, the final assessed value is the RCN of \$281,144 calculated above, less 16% Depreciation (“Depreciation” column) = \$236,160.96 (“RCNLD” column)

- (b) In its Reply to the OEB Interrogatory number 3, Tribute suggests that its pipe lines are being treated differently than other companies’ pipe lines. The information contained in Tab C and D of MPAC’s Evidence establishes that Tribute is being treated similarly to other companies.
- (c) Tribute’s Table 2 pipe lines in issue in this Application are located at page 252 of MPAC’s copy of MPAC’s Evidence Tab D. Below is the extract from Tab D

EB-2015-0206
Municipal Property Assessment Corporation
Responses to Interrogatories from
Ontario Energy Board Staff

concerning Tribute's Table 2 pipelines:

Roll Number	Municipality	Type	Description	Diameter	Length	Year Installed
3310 545 010 35210	Houghton Township	2	Plastic	6 to less than 8	9,040	2004
3310 545 010 35210	Houghton Township	2	Plastic	4 to 4.5	10,012	2004
3310 545 010 35210	Houghton Township	2	Plastic	3	70,092	2004
3401 000 003 08810	Bayham Township	2	Plastic	6 to less than 8	42,389	2004
3401 000 003 08810	Bayham Township	2	Plastic	4 to 4.5	75,485	2004
3401 000 003 08810	Bayham Township	2	Plastic	3	146,607	2004
3408 000 011 03930	Malahide Township	2	Plastic	6 to less than 8	13,761	2004

EB-2015-0206
Municipal Property Assessment Corporation
Responses to Interrogatories from
Ontario Energy Board Staff

Reference: MPAC's Evidence, dated September 15, 2015, page 2 paragraphs 7, 8, and 9.

Preamble: MPAC stated it relies on pipeline companies to report the pipelines and that the assessment is based on these reports. MPAC also states that the "pipelines at issue were reported to MPAC under s. 25 of the Assessment Act".

Interrogatory 2:

- (a) Please identify who filed the report on Tribute's pipelines, and the date of that report.
 - (b) Please file an excerpt of the report that contains specific pipelines that are subject to this application.
-

Interrogatory 2 Response:

- (a) MPAC's records containing the original report have been destroyed. According to MPAC's Evidence Tab A, the report likely was received in 2004 or 2005. MPAC's internal records indicate that the roll numbers in issue were created on September 30, 2005 and that omitted assessments were made in approximately November 2005.
- (b) See the response to question 2(a).

EB-2015-0206
Municipal Property Assessment Corporation
Responses to Interrogatories from
Ontario Energy Board Staff

Reference: MPAC's Notice of Intervention, page 3 and Assessment Act

Preamble: The Assessment Act in section 25(1) defines "pipeline" as a pipeline for the transportation or transmission of gas that is designated by the owner as a transmission pipeline and a pipeline for the transportation of oil.

Interrogatory 3: Please provide MPAC's interpretation of the term "transportation" and "transmission", or how it is applied by MPAC

Interrogatory 3 Response:

MPAC would have regard to the ordinary meaning of these terms.

According to the *New Shorter Oxford Dictionary*,

- "*transportation*" means "the action or process of transporting something; conveyance of people, goods, etc., from one place to another"
- "*transmission*" means "conveyance or transfer from one person or place to another"

The full definitions are attached at Tab F.

EB-2015-0206
Municipal Property Assessment Corporation
Responses to Interrogatories from
Ontario Energy Board Staff

Reference: MPAC's Notice of Intervention, pages 2 and 3.

Preamble: MPAC states that it is Tribute's position that its pipelines are not "transmission" pipelines but "gathering" pipelines and therefore, they should be assessed using the Current Value, not the Linear Method.

Interrogatory 4:

- (a) Are there other "gathering" pipeline companies currently being assessed by MPAC using the Linear Method?
 - (b) When was Tribute first assessed with respect to its gathering lines and what was the method used?
-

Interrogatory 4 Response:

- (a) All pipelines assessed pursuant to Table 2 of O.Reg. 282/98 using the linear method are included at Tab D of MPAC's Evidence. The companies assessed are:
 - o Talisman Energy Inc (which is now Dundee Oil and Gas Limited)
 - o Enbridge Gas Distribution Inc
 - o Natural Resource Gas Limited
 - o Union Gas Limited
 - o Tribute Resources Inc
 - o Northern Cross Energy Limited
- (b) As set out at Tab A to MPAC's Evidence, and in response to Interrogatory 2, the pipelines in issue were first assessed in 2005 by way of omitted assessment. MPAC believes that the omitted assessments were for taxation in 2004 and 2005. The pipe lines were assessed using the linear method.

EB-2015-0206
Municipal Property Assessment Corporation
Responses to Interrogatories from
Ontario Energy Board Staff

TAB F

THE
NEW SHORTER
OXFORD ENGLISH
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transmission /tranz'mɪʃ(ə)n, trɑ:nz-, -ns-/ *n.*

E17. [L *transmissio*(*n*- f. as TRANS- + *missio*(*n*-: see MISSION *n*.)] 1 Conveyance or transfer from one person or place to another; the action or process of passing from one person, organism, generation, etc., to another, as by personal contact, stored information, genetic inheritance, etc. E17. 2 Conveyance or passage through a medium, as of light, heat, sound, etc. Also *spec.*, the sending out of electrical signals or electromagnetic waves; the broadcasting of radio or television programmes; an instance of this, a series of transmitted signals, a broadcast. E18. 3 *Mech.* Transfer of motive force from one place to another; a device for effecting this; *spec.* (in full *transmission-gear*) a mechanism for transmitting the power of an engine etc., esp. to the axle of a motor vehicle. E20.

1 DE QUINCEY One link in the transmission of the Homeric poems. *Independent* The most common mode of transmission was heterosexual intercourse. 2 C. G. BURGE The number of channels available for radio transmission is limited. *Financial Times* The poor quality of the connection makes most data transmission impossible.

Comb.: **transmission electron microscope** a form of electron microscope in which an image is derived from electrons which have passed through the specimen; *spec.* one in which the whole image is formed at once, not by scanning; *transmission-gear*: see sense 3 above; **transmission line** a conductor or set of conductors designed to carry electricity (esp. on a large scale) or electromagnetic waves with minimum loss and distortion; **transmission loss** dissipation of electrical or acoustic power during its passage from one point to another.

transmissional *a.* M20.

transportation /transpo:'teɪʃ(ə)n, træns-/ *n.*
M16. [f. TRANSPORT *v.* + -ATION.] 1 The action
or process of transporting something;
conveyance of people, goods, etc., from one
place to another; *spec. (Hist.)* the action or

system of transporting convicts to a penal
colony. M16. *b Geol.* The movement of
particulate or dissolved material by water, ice,
wind, etc. M19. †2 = TRANSPORT *n.* 2. Only in
17. 3 = TRANSPORT *n.* 3. *N. Amer.* M19. *b* A
ticket or pass for travelling by public transport.
US. E20.

1 L. STRACHEY This sentence . . . was commuted for
one of transportation for life. *Sun (Baltimore)* Roads
will face competition from other modes of
transportation. 3 S. BELLOW I hope you don't take
public transportation to work.

transportational *a.* of or pertaining to
transportation L19. **transportationist** *n. (Hist.)* an
advocate of the transportation of convicts M19.