

**LAGASCO INC.
CLASSIFICATION OF PIPELINES IN HALDIMAND COUNTY
EB-2019-0166**

**OEB STAFF INTERROGATORIES TO
THE MUNICIPAL PROPERTY ASSESSMENT CORPORATION**

OEB Staff No. 1

Ref.: OPI Evidence, Affidavit of J. McIntosh sworn December 30, 2020
MPAC Evidence, Affidavit of R. Ford sworn January 26, 2021
MPAC response to OEB staff interrogatories 3(e) and 3(d)

Preamble

At paragraph 7 of the OPI Evidence it is stated that, "The only occasion on which MPAC ever requested a listing of "Pipelines" from TAQA was by way of a letter dated February, 2019". It is further stated that, "TAQA had requested a reassessment of MPAC's "Pipeline" assessments together with a request as to how the value for "Pipelines" are determined prior to receiving this letter from MPAC."

In paragraph 3 of the MPAC Evidence, it is confirmed that the TAQA pipelines referred to in the OPI Evidence are roll numbers 32 45 010 040 09400 0000 (Township of Blandford/Blenheim) and 32 38 020 020 60200 0000 (Township of East Zorra/Tavistock). In paragraph 8 of the MPAC Evidence, it is stated that "the pipe lines had already been placed on the roll and assessed since the 1990s".

In response to an interrogatory, MPAC explained that it receives extensive amounts of records, and that once the first post-designation assessment has been made and not appealed, there is no need for MPAC to retain the designation document(s) in its files.

Questions

a) How is the requirement for owner designation of transmission pipelines under section 25(1) of the Assessment Act communicated to owners? Please address the following in the response:

- **MPAC Response 1(a):**

There is no specific communication made by MPAC to pipeline owners with respect to the requirement for owner designation. That requirement is laid out in s. 25 of the *Assessment Act*, but see Response 1(a)-i, below, re MPAC communication to owners with respect to the annual notification requirement.

i. Is there standard listing of information requirements that is given to pipeline owners to indicate what is required for assessment purposes?

- **MPAC Response 1(a)-i:**

The information required is laid out in Section 25 of the *Assessment Act*, which indicates that pipeline owners shall notify MPAC of the age, length and diameter of all of its transmission pipe lines located in each municipality.

Beginning in 2019, MPAC began mailing letters to each pipeline owner reminding them of their reporting requirement under the *Act*, including the information required to complete the assessment. A copy of MPAC's letter has already been attached as Exhibit "A" to the McIntosh Affidavit sworn on behalf of OPI. It requests the following information:

- The age, length and diameter of each pipe within each municipality or non-municipal territory, as of January 1
- Character of construction of each pipe (i.e. steel, plastic)
- Number of customer connections, if applicable.

- ii. Does MPAC have a specific document or form that is required from an owner to designate a pipeline as a transmission pipeline? If so, please provide a copy of the form or document that would have been required from the owners of the TAQA pipelines and the Lagasco pipelines to designate their pipelines? If there is no form or document, how is owner designation accomplished?

- **MPAC Response 1(a)-ii:**

No, MPAC does not require a specific document or form to be populated to satisfy the designation or reporting requirements. MPAC has accepted electronic spreadsheets, PDF documentation, hard copy information and emails from pipeline companies containing the information required under s. 25 and outlined in MPAC Response 1(a)-i.

See also MPAC's Response 3a) to the OEB Staff Interrogatories, submitted September 17, 2020:

"... When a pipe line company first advises MPAC of the age, length, diameter and location of new pipe lines in its report to MPAC, MPAC creates a roll number for that pipe line. The designation and reporting of new pipe lines under s. 25 occurs simultaneously."

- iii. Does MPAC consider that the provision of information from an owner that a pipeline has been installed and a description and information concerning the pipeline is sufficient to constitute owner designation of the pipeline as a transmission pipeline? Please explain.

- **MPAC Response 1(a)-iii:**

Yes. See MPAC Response 1(a)-ii.

- iv. Does MPAC ever assess new pipelines as transmission pipelines without specific owner-expressed designation? If so, then please explain.

- **MPAC Response 1(a)-iv:**

MPAC and its predecessors have been assessing pipe lines in Ontario for over 100 years. Mr. Ford can only speak to his experience since 2012.

See MPAC's Response 3f) to the OEB Staff Interrogatories, submitted September 17, 2020:

"MPAC has previously advised that it would have no way of knowing the location, age, length, or diameter of the pipe lines unless that information was provided by the pipe line company under s. 25 of the Assessment Act: the assessment confirms the designation."

- b) Please confirm that it is MPAC's position that the two TAQA pipelines in question were designated in or before the 1990s. If not, then please explain.

MPAC Response 1(b):

As noted above, Mr. Ford can only speak to his experience since 2012.

However, as indicated in the Ford Affidavit sworn July 29, 2020 at paragraph 9, pipe lines are typically assessed on the next assessment roll after they are installed.

As indicated in the Ford Affidavit sworn January 26, 2021 at paragraph 2, Roll Number 3245 010 040 09400 was first assessed in 1993, while Roll Number 3238 020 020 60200 was first assessed in 1998.

- c) Please confirm that the first post-designation assessment for the two TAQA pipelines in question was not appealed. If it was, then please identify the month and year of the appeal and provide a summary of the outcome of the appeal.

MPAC Response 1(c):

The ARB's online records show appeals for Roll Number 3245 010 040 09400 for 1998, 1999, and 2000 taxation by Cambright Gas Corporation. These appeals were subsequently withdrawn by the Appellant in December of 2000.

Roll Number 3238 020 020 60200 was appealed to the Assessment Review Board in 1999 and 2000 taxation by Cambright Gas Corporation. These appeals were subsequently withdrawn by the Appellant in June of 2000.

- d) If the previous question is confirmed, please confirm that it is MPAC's position that, once the first post-designation assessment was made for the two TAQA pipelines in question and not appealed, there was no need for MPAC to retain the designation document(s) in its files. If not, then please explain.

MPAC Response 1(d):

MPAC confirms that once the appeals were withdrawn, the roll is deemed to be correct and binding and cannot be challenged.

See also MPAC Response 3e) to the OEB Staff Interrogatories, submitted September 17, 2020:

“Once the first assessment post-designation was made and not appealed, there is no need for MPAC to retain the designation in its files. The municipal assessment and taxation regime is based on certainty and finality: MPAC has an onus to ensure that land is assessed correctly. Once Notices of Assessment are delivered, it is the responsibility of the assessed person to raise issues with respect to the assessments. If no issues are raised, the returned assessment is deemed to be correct, valid and binding even if there are errors. So, once any assessment is finally determined – i.e. once the assessment is returned and any appeals are resolved – the assessment is binding and cannot be challenged. Once an assessment is final and not subject to challenge, the need to retain supporting documents is reduced. ...

It is important to remember that, until recently, documents were stored in paper formats, which made their storage and retrieval significantly more difficult.”

- e) Please confirm that, according to MPAC's document retention policy, any records associated with the designation of the two TAQA pipelines have been destroyed. If not, then please provide evidence of the designation.

MPAC Response 1(e):

MPAC confirms that according to its document retention policy in place at the relevant time, any records associated with the designation of the two TAQA pipe lines have been destroyed.

- f) Please confirm that MPAC does not have any record of owner designation for either the Lagasco pipelines that are the subject of this proceeding or the two TAQA pipelines.

MPAC Response 1(f):

MPAC has been unable to locate any record of owner designations for either the Lagasco pipe lines (the majority of which were installed between 1957 and 2000), or the two TAQA pipe lines (which were reported to MPAC approximately 25 years ago). According to MPAC's document retention policies, any copies would have been destroyed.

OEB Staff No. 2

Ref.: MPAC Evidence, Affidavit of R. Ford sworn July 29, 2021

Preamble

In paragraph 7 of the July 2020 affidavit, it is stated that the February 2019 letter attached as Exhibit A was part of a larger scale MPAC mailout to various pipeline companies to obtain updated information about their pipelines.

Questions

- a) How often and for what reasons does MPAC undertake large scale mailouts?

MPAC Response 2(a):

Pursuant to s. 11 of the *Assessment Act*, MPAC routinely requests information from property owners, often in the form of large scale mailouts. Examples may include requests for income and expense information for income producing properties, or updates to property information as a result of sale transactions.

- b) For what reasons are pipeline companies selected to receive a mailout, and what are the most common of those reasons? Would notice received by MPAC from a municipality regarding non-payment of taxes be one of the reasons? If so, is the municipality informed of MPAC's efforts regarding the mail-out, any subsequent follow-up, and any resolution?

MPAC Response 2(b):

All companies who own pipe line properties according to MPAC's records receive copies of the pipe line mailout information request described in MPAC Response 1(a)-i. The purpose of the mailout is to ensure that MPAC's records are accurate.

MPAC is not involved in the collection of taxes, and non-payment of taxes would be an issue to be addressed by the municipality with the property owner.

- c) Do all companies that do not respond to the initial mail-out receive a reminder letter? What follow up steps does MPAC take with non-responding companies? Are records kept of non-responders and if so, for how long?

MPAC Response 2(c):

A reminder letter is sent in April where a response is not received by the deadline of March 1 in the initial mail-out letter. Since this program started in 2019, MPAC has kept records of which pipe line companies do and do not respond.

OEB Staff No. 3

Ref.: MPAC Evidence, Affidavit of R. Ford sworn July 29, 2020
MPAC Evidence, Affidavit of R. Ford sworn January 26, 2021

Preamble

In paragraph 9 of the July 2020 affidavit, it is stated:

MPAC's standard procedure when advised by owners that they have installed new pipe lines is to confirm the location, type, pipe diameter and length, and year installed. Once this information has been confirmed, MPAC adds the new pipe line to the assessment roll for the municipality.

In paragraph 5 of the January 2021 affidavit, it is stated:

... MPAC's standard practice for assessing pipe lines ... relies on receiving information in accordance with the reporting requirements under s. 25 of the Assessment Act. Where a pipe line company fails to provide that information, MPAC will index their existing pipe line values to reflect changes from one assessment cycle to the next. This approach is only applied in those cases where MPAC has been unable to obtain the necessary information from the owner directly.

There is no mention of a practice of indexing pipeline values in MPAC's July 2020 evidence.

Questions

- a) Please explain why MPAC did not explain its practice of indexing pipeline values in its July 2020 evidence.

MPAC Response 3(a):

Paragraph 9 of the July 2020 Affidavit described MPAC's "standard" procedure, which applies where MPAC receives information in accordance with the reporting requirements under s. 25 to explain the valuation of pipe lines. This is the procedure applied to all but a very small minority of pipe line properties (the standard procedure applies to approximately 96% of the total pipe line inventory for the 2016 CVA). Lagasco's pipe lines, which are the subject of this Application, are not indexed.

Paragraph 5 of the January 26, 2021 Affidavit was directed to the valuation of the TAQA pipe lines specifically, where TAQA has refused to provide information or updates to their pipe line holdings. The TAQA pipe lines are indexed.

- b) Please explain how the indexing of pipeline values is performed.

MPAC Response 3(b):

As discussed in MPAC Response 1d) to the OEB Staff Interrogatories, submitted September 17, 2020, each four-year assessment cycle represents a property's assessed value as of a legislated date (e.g., January 1, 2012 for the 2012 assessment cycle, which applies to the 2013, 2014, 2015 and 2016 tax years).

In very rare cases, MPAC's records include only an assessed value from a previous cycle, but not specific details with respect to e.g. the length of a pipe line. In those circumstances, MPAC is unable to apply the regulated rates to those pipe lines.

Where a pipe line company fails to provide the information required under s. 25, MPAC looks to the most recent assessed value for that property, then indexes that value by multiplying the assessed value by an index factor to arrive at an updated value for the next cycle's legislated valuation date.

For the current cycle (2016 CVA), the index factor used was the median value increase in value for commercial and industrial properties from January 1, 2012 (the legislated valuation date for the 2012 assessment cycle) to January 1, 2016 (the legislated valuation date for the 2016 assessment cycle).

As a hypothetical example, if MPAC's records indicated that pipe line X had an assessed value of \$10,000 for the January 1, 2012 valuation date, MPAC would increase that value by 15% to \$11,500 to be used as the January 1, 2016 assessed value.

- c) Please explain where the "existing pipeline values" come from if the "pipeline company fails to provide that information

MPAC Response 3(c):

The "existing pipe line value" is the value recorded for the prior assessment cycle.