

factsheet



Regulated Rates: An Overview

BC Assessment

This fact sheet provides an overview of the valuation of linear utility properties as described in section 21 of the *Assessment Act*. These properties are valued using rates prescribed by BC Assessment's Board of Directors. These rates are listed in the following regulations made under the *Assessment Act*:

- *Electrical Power Corporation Valuation Regulation*, B.C. Reg. 217/86;
- *Telecommunication Corporation Valuation Regulation*, B.C. Reg. 226/86;
- *Railway & Pipeline Corporations Valuation Regulation*, B.C. Reg. 203/86;
- *Railway, Pipeline, Electric Power, and Telecommunications Corporations Rights of Way Valuation Regulation*, B.C. Reg. 218/86.

What is a utility?

A utility is considered a Class 2 property, which is one of nine classes of property prescribed for the purpose of administering property taxes (B.C. Reg. 438/81), and is defined as structures and land used by railways, pipelines, electrical generation or transmission utilities, or telecommunications transmitters. Specifically, Class 2 property includes only:

- land or structures used or held as track in place, right of way or a bridge for the purposes of, or for the purposes ancillary to, the business of transportation by railway, and
- land or improvements used or held for the purposes of, or for purposes ancillary to, the business of
 - transportation, transmission or distribution by pipeline,
 - telecommunications, including transmission of messages by means of electric currents or signals for compensation
 - generation, transmission or distribution of electricity, or
 - receiving, transmission and distribution of

closed circuit television

except that part of land or structures

- included in Classes 1 (Residential), 4 (Major Industry) or 8 (Recreational Property Non-Profit Organization)
 - used as a gathering pipeline (though not class 2, they are valued using regulated rates)
- used as an office, retail sales outlet, administration building or for an ancillary purpose or
- used for a purpose other than a purpose described above

With regard to utility companies, what do regulated rates apply to?

- Telecommunications, electrical power corporations, trolley, coach or bus lines, including: pole lines, cables, towers, poles, wires, transformers, conduits and mains
- Railways, including track whether the track is on a public highway or a privately-owned right of way
 - includes all structures, erections and things, other than any buildings, bridges, trestles, viaducts, overpasses, coal bunkers, corrals, stand pipes, fuel oil storage tanks, oil fuelling equipment, water tanks, station houses, engine houses, roundhouses, turntables, docks, shares, freight sheds, weigh scales, repair and cleaning shops and equipment, boiler houses, offices, sand towers and equipment, pavement, platforms, yard fencing and lighting, powerhouses, transmission stations or substations, and the separate equipment are necessary for the operation of the railway.

- Pipelines for petroleum, petroleum products or natural gas, including: valves, cleanouts, fastenings, and accessories located on the right of way, but not including distribution pipelines, pumping equipment, compressor equipment, storage tanks and buildings.
- The rights of ways for pole lines, cables, towers poles, wires, transformers, conduits, mains, pipe lines and railway.

Rate Development

The regulated rates are based on the average current cost of existing improvements at a location of average construction difficulty. Within the rate, the Board of Directors is able to make allowance for average physical depreciation of the industry improvements being valued.

Phase In

Where in the opinion of the Board of Directors, there has been a substantial change in the rate from one taxation year to the next, the Assessment Authority may phase in the rate change over up to a 3 year period.

Regulated Rates Special Cases

The Board of Directors may adjust the prescribed rates under the following situations:

Electrical power corporations:

- Abandoned transmission or distribution lines valued using a rate of \$1.00
- Unused transmission or distribution lines valued at 10 per cent of the rate prescribed for its class
- Lines under construction valued based on the percentage complete as of October 31st

Telecommunications Corporations (telephone, cable television, fibre optics)

- Abandoned telecommunication cable valued using a rate of \$1.00.
- For a fibre optic cable with dark fibre it will be valued by the total of:
 - Dark fibre at 10 per cent of the rate that would have applied to that fibre strand if it were lit
 - The rate for each lit fibre strand
 - The installation cost for the cable

- Fibre optic cable under construction valued based on the percentage complete as of October 31st

Pipeline Corporations

- Abandoned pipelines valued using a rate of \$1.00
- Unused pipelines valued at 10 per cent of the scheduled rate for the pipe size
- For a pipeline placed on the ground with no foundation, and a length greater than 20km and a diameter greater than 168mm shall be valued at 50 per cent of the scheduled rate
- Pipelines under construction valued on the percentage complete as of October 31st

Railways

- Bridges, trestles, viaducts, overpasses, and tunnels are excluded from the definition of improvements of a railway corporation

Procedure for obtaining special allowances:

Abandonment – A senior executive of the corporation must provide the Assessment Authority with documentation certifying that the improvement has been properly abandoned. If the improvement is valued under section 19 of the *Assessment Act* it must be determined to have no value.

Unused – An executive of the corporation notifies BC Assessment that the improvements remain in place but have not been utilized for a period of one year or more.

Under Construction – Where the improvement is under construction, the Assessor determines the actual value by applying the percentage complete as of October 31st to the rate prescribed for that class

For more information, contact:

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