

**Ameren Missouri's 2013, 2014, 2015, 2016 and 2017
Property Tax Assessment Appeals in 16 Counties:**

Basic Facts

- The property tax appeals involve Ameren Missouri's distribution lines and equipment for delivery of natural gas to our customers.
- Ameren Missouri owns and operates its natural gas utility assets in 25 Missouri counties.
- The counties under appeal either did not deduct *any* depreciation in determining the assessed value of the natural gas distribution facilities, or determined a deduction using a depreciation schedule which was unreasonable for gas distribution lines and equipment.
- Ameren appealed the 2013-2017 assessments to the assessors, the County Boards of Equalization and then further to the State Tax Commission, as any property owner has the right to do.
- The contested taxes for the counties in each appeal year average collectively \$2 million.
All disputed taxes have been paid to the appropriate counties. Those counties with an appeal have been requested by Ameren Missouri to hold the appealed portion of the property taxes in an escrow account.

History

- In early 2013, the Missouri State Tax Commission mandated that natural gas distribution companies use a new tax form, created by the State Tax Commission, to report its property to the local counties. The form instructed companies to submit values for the depreciation of natural gas distribution facilities using specific annual depreciation percentages as set out in the form.

- Beginning with 2013, Ameren used the form and deducted depreciation from the value of its assets per the form.
- The State Tax Commission continues to publish the form and to require gas distribution to file for taxes using the form.
- The county assessors, for which appeals are pending, continue to decline applying the depreciation required by the State Tax Commission.
- Depreciation is required, by both the Missouri Public Service Commission and the Federal Energy Regulatory Commission, to be applied by natural gas distribution companies in accurately stating the value of the assets on their public financial statements. These statements are used to regulate the companies.
- Deductions for depreciation are required by accepted appraisal methods, by generally accepted accounting principles and in the determination of property tax assessments.
- This requirement applies to valuations of any real estate improvements, including a person's home, as well as local gas distribution assets.
- In testimony before the State Tax Commission in the 2013 appeals, the expert appraiser working on behalf of the counties admitted and agreed that:
 - The county assessors had not applied any depreciation, but should have;
 - Ameren had not already taken depreciation in its original cost values submitted by Ameren for the 2013 tax year;
 - Ameren was not seeking a double deduction for depreciation.

Why did Ameren Appeal & What is the Appeal Process?

- Ameren has a duty to its ratepayers and the public to make sure that its properties, which serve the public and ratepayers, are valued fairly so it is not taxed unfairly.

- In the 2013 appeals Ameren asked certain Missouri Courts of Appeals to agree that the State Tax Commission rulings appealed by Ameren are in violation of the Missouri constitution, prior court decisions and state statutes requiring fair assessments of the true value of the Ameren natural gas distribution assets.
- During the last part of 2017, three separate Courts of Appeals (Western District, Southern District and Eastern District) all ruled that a prior Tax Commission ruling in favor of the county assessors was in error and that the assessments were improper because they failed to allow Ameren a deduction for depreciation when determining values on which taxes were based.
- The Missouri Supreme Court declined requests of the counties to review the Courts of Appeals decisions, so these rulings are now the law of the land. Based on the orders issued by the Courts of Appeal, the 2013 appeals have been sent back to the State Tax Commission to decide the sole issue of the depreciation that Ameren should be allowed as part of the valuation process.
- The hearing date for the depreciation determination took place on September 19, 2018.
- It is anticipated that the State Tax Commission will render its decision in the first quarter of 2019.