

From: Tammy Frost [mailto:tfrost@jcsco.com]
Sent: Wednesday, May 31, 2017 12:46 PM
To: Elizabeth Arriaga <Elizabeth.Arriaga@amwater.com>
Cc: Oluoch M. Ogunde <Morris.Ogunde@amwater.com>; Glenn Robinson <grobinson@jcsco.com>
Subject: St. Louis County assessments

EXTERNAL EMAIL - "Think before you click!"

Elizabeth,

I was contacted by St. Louis County yesterday regarding the 2017 filings of American Water. We have discussed frequently of Missouri's implementation of MACRS depreciation schedules (statewide) for the valuation of personal property and the potential impact should that occur fully in St. Louis County. As a reminder, some counties phased this in over a period of years to combine with their existing County schedules, while some converted later such as Jefferson County a couple of years ago. Now, St. Louis County, is stating that:

"Assets used in the gathering, treatment and distribution of water should be assessed using a 20 yr recovery period.

I know we have accepted 7 yr in the past, but this was an oversight.

Please resubmit your assessment for 2017 using a 20 yr recovery period for the assets used in the capacity.

Office /computer equipment should be reported using the applicable 5 yr/7r recovery period."

While I will need some additional time to calculate the requested assessments, I wanted to advise you of the request so we may discuss the impact of an amended filing, which of course will require AW's approval. I will also be reviewing the asset classifications potentially applicable to a 20 yr life vs. the existing 7/5 yr.

We can discuss at a later time that is convenient for you, I wanted to give you a heads up on this issue first.

Best Regards,

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