



Ameren Corporation

Third Quarter 2019 Earnings Conference Call

November 8, 2019

Forward-looking Statements

Statements in this transcript not based on historical facts are considered “forward-looking” and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors in Ameren’s Annual Report on Form 10-K for the year ended December 31, 2018, and elsewhere in this transcript and in our other filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- regulatory, judicial, or legislative actions, and any changes in regulatory policies and ratemaking determinations, such as those that may result from the complaint case filed in February 2015 with the Federal Energy Regulatory Commission (FERC), a new methodology to determine the allowed base return on common equity under the Midcontinent Independent System Operator (MISO) tariff proposed by the FERC in November 2018, the Notices of Inquiry issued by the FERC in March 2019, Ameren Missouri’s electric regulatory rate review filed with the Missouri Public Service Commission (MoPSC) in July 2019, a request for appeal filed with the Missouri Supreme Court by the Missouri Office of Public Counsel in November 2019 related to Ameren Missouri’s renewable energy standard rate adjustment mechanism, Ameren Missouri’s request for deferral accounting treatment of maintenance expenses related to scheduled Callaway refueling and maintenance outages filed with the MoPSC in October 2019, Ameren Illinois’ April 2019 annual electric distribution formula rate update filing, Ameren Illinois’ May 2019 annual electric energy-efficiency formula rate update, and future regulatory, judicial, or legislative actions that change regulatory recovery mechanisms;
- the effect of Ameren Illinois’ participation in performance-based formula ratemaking frameworks under the Illinois Energy Infrastructure Modernization Act and the Illinois Future Energy Jobs Act (FEJA), including the direct relationship between Ameren Illinois’ return on common equity and the 30-year United States Treasury bond yields, and the related financial commitments;
- the effect of Missouri Senate Bill 564 on Ameren Missouri, including customer rate caps pursuant to Ameren Missouri’s election to use plant-in-service accounting;
- the effects of changes in federal, state, or local laws and other governmental actions, including monetary, fiscal, and energy policies;
- the effects of changes in federal, state, or local tax laws, regulations, interpretations, or rates, amendments or technical corrections to the Tax Cuts and Jobs Act of 2017 (TCJA), and challenges to the tax positions we have taken;
- the effects on demand for our services resulting from technological advances, including advances in customer energy efficiency, energy storage, and private generation sources, which generate electricity at the site of consumption and are becoming more cost-competitive;
- the effectiveness of Ameren Missouri’s customer energy-efficiency programs and the related revenues and performance incentives earned under its Missouri Energy Efficiency Investment Act programs;
- Ameren Illinois’ ability to achieve the performance standards applicable to its electric distribution business and the FEJA electric customer energy-efficiency goals and the resulting impact on its allowed return on equity;
- our ability to align overall spending, both operating and capital, with frameworks established by our regulators and to recover these costs in a timely manner in our attempt to earn our allowed returns on equity;
- the cost and availability of fuel, such as ultra-low-sulfur coal, natural gas, and enriched uranium used to produce electricity; the cost and availability of purchased power, zero emission credits, renewable energy credits, and natural gas

- for distribution; and the level and volatility of future market prices for such commodities and credits, including our ability to recover the costs for such commodities and credits and our customers' tolerance for any related price increases;
- disruptions in the delivery of fuel, failure of our fuel suppliers to provide adequate quantities or quality of fuel, or lack of adequate inventories of fuel, including nuclear fuel assemblies from the one Nuclear Regulatory Commission-licensed supplier of Ameren Missouri's Callaway Energy Center's assemblies;
 - the cost and availability of transmission capacity for the energy generated by Ameren Missouri's energy centers or required to satisfy Ameren Missouri's energy sales;
 - the effectiveness of our risk management strategies and our use of financial and derivative instruments;
 - the ability to obtain sufficient insurance, including insurance for Ameren Missouri's Callaway Energy Center, or, in the absence of insurance, the ability to recover uninsured losses from our customers;
 - the impact of cyberattacks on us or our suppliers, which could, among other things, result in the loss of operational control of energy centers and electric and natural gas transmission and distribution systems and/or the loss of data, such as customer, employee, financial, and operating system information;
 - business and economic conditions, including their impact on interest rates, collection of our receivable balances, and demand for our products;
 - disruptions of the capital markets, deterioration in our credit metrics, including as a result of the implementation of the TCJA, or other events that may have an adverse effect on the cost or availability of capital, including short-term credit and liquidity;
 - the actions of credit rating agencies and the effects of such actions;
 - the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments;
 - the impact of weather conditions and other natural phenomena on us and our customers, including the impact of system outages;
 - the construction, installation, performance, and cost recovery of generation, transmission, and distribution assets;
 - the effects of failures of equipment in the operation of natural gas transmission and distribution systems and storage facilities, such as leaks, explosions, and mechanical problems, and compliance with natural gas safety regulations;
 - the effects of failures of electric generation, transmission, or distribution equipment or facilities, which could result in unanticipated liabilities or unplanned outages;
 - the operation of Ameren Missouri's Callaway Energy Center, including planned and unplanned outages, and decommissioning costs;
 - the impact of current environmental laws and new, more stringent, or changing requirements, including those related to the effect of New Source Review and Clean Air Act litigation, carbon dioxide and the adoption and implementation of the Affordable Clean Energy Rule, other emissions and discharges, cooling water intake structures, coal combustion residuals, and energy efficiency, that could limit or terminate the operation of certain of Ameren Missouri's energy centers, increase our operating costs or investment requirements, result in an impairment of our assets, cause us to sell our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;
 - the impact of complying with renewable energy requirements in Missouri and Illinois and with the zero emission standard in Illinois;
 - Ameren Missouri's ability to acquire wind and other renewable energy generation facilities and recover its cost of investment and related return in a timely manner, which is affected by the ability to obtain all necessary project approvals; the availability of federal production and investment tax credits related to renewable energy and Ameren Missouri's ability to use such credits; the cost of wind and solar generation technologies; and Ameren Missouri's ability to obtain timely interconnection agreements with MISO or other regional transmission organizations at an acceptable cost for each facility;
 - labor disputes, work force reductions, changes in future wage and employee benefits costs, including those resulting from changes in discount rates, mortality tables, returns on benefit plan assets, and other assumptions;

- the impact of negative opinions of us or our utility services that our customers, legislators, or regulators may have or develop, which could result from a variety of factors, including failures in system reliability, failure to implement our investment plans or to protect sensitive customer information, increases in rates, or negative media coverage;
- the impact of adopting new accounting guidance;
- the effects of strategic initiatives, including mergers, acquisitions, and divestitures;
- legal and administrative proceedings; and
 - acts of sabotage, war, terrorism, or other intentionally disruptive acts.

New factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement. Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

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C O R P O R A T E P A R T I C I P A N T S

Andrew Kirk, *Director, Investor Relations*

Warner Baxter, *Chairman, President and Chief Executive Officer, Ameren Corporation*

Martin Lyons, *Executive Vice President and Chief Financial Officer, Ameren Corporation / Chairman and President, Ameren Services*

Michael Moehn, *Chairman and President, Ameren Missouri*

Shawn Schukar, *Chairman and President, Ameren Transmission Company*

C O N F E R E N C E C A L L P A R T I C I P A N T S

Alex Morgan, *Bank of America Merrill Lynch*

Greg Reiss, *Centenus Global Management*

Paul Patterson, *Glenrock Associates*

Kevin Fallon, *Citadel*

P R E S E N T A T I O N

Operator:

Greetings, and welcome to Ameren Corporation's Third Quarter 2019 Earnings Call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Andrew Kirk, Director of Investor Relations for Ameren Corporation. Thank you. Mr. Kirk, you may begin.

Andrew Kirk:

Thank you, and good morning. On the call with me today are Warner Baxter, our Chairman, President and Chief Executive Officer, and Marty Lyons, our Executive Vice President and Chief Financial Officer, as well as other members of the Ameren Management Team. Warner and Marty will discuss our earnings results and guidance, as well as provide a business update. Then, we will open the call for questions.

Before we begin, let me cover a few administrative details.

This call contains time-sensitive data that is accurate only as of today's live broadcast, and redistribution of this broadcast is prohibited.

To assist with our call this morning, we have posted a presentation on the amereninvestors.com homepage that will be referenced by our speakers. As noted on Page 2 of the presentation, comments made during this conference call may contain statements that are commonly referred to as forward-looking statements. Such statements include those about future expectations, beliefs, plans, strategies, objectives, events, conditions and financial performance. We caution you that various factors could cause actual results to differ materially from those anticipated. For additional information concerning these factors, please read the forward-looking statements section in the news release we issued today and the forward-looking statements and risk factors sections in our filings with the SEC.

Lastly, all per share earnings amounts discussed during today's presentation, including earnings guidance, are presented on a diluted basis, unless otherwise noted.

Now, here's Warner, who will start on Page 4 of the presentation.

Warner Baxter:

Thanks, Andrew. Good morning, everyone, and thank you for joining us. Earlier today, we announced third quarter 2019 GAAP and core earnings of \$1.47 per share, compared to 2018 core earnings of \$1.50 per share. A summary of the key drivers of the third quarter year-over-year change in earnings per share is provided on Page 4. Marty will discuss these, and other items, in more detail a bit later.

Overall, we delivered solid results during the third quarter. From an operations standpoint, our team continues to perform very well, and we continue to execute on all elements of our strategy, which include significant investments in energy infrastructure and disciplined cost management. I will share my perspectives on the progress we've made in executing key elements of our strategy during the whole third quarter in a moment.

Due to the strong execution of our strategy, I am pleased to report that we are narrowing our 2019 earnings guidance range to \$3.23 to \$3.33 per share, from our initial 2019 guidance range of \$3.15 to \$3.35 per share. In so doing, we are raising the guidance midpoint \$0.03 per share, from \$3.25 to \$3.28 per share.

Moving to Page 5, here we reiterate our strategic plan, which we expect to continue delivering significant value for our customers and strong long-term earnings growth for our shareholders.

The first pillar of our strategy stresses investing in and operating our utilities in a manner consistent with existing regulatory frameworks. This has driven our multiyear focus on investing in energy infrastructure for the long-term benefit of customers in jurisdictions that are supported by modern, constructive regulatory frameworks.

As we've discussed with you in the past, all four of business segments have constructive regulatory frameworks that support investment in energy infrastructure. As a result, and as you can see on the right side of this page, during the first nine months of this year we invested significant capital in each of our business segments.

You may recall it was in the third quarter of last year that Ameren Missouri began using plant and service accounting, enabled by Senate Bill 564. Enactment of Senate Bill 564 improved our ability to earn a fair return, while making significant infrastructure investments for the benefit of our customers. Consequently, capital expenditures in Ameren Missouri are up approximately 15% in the first nine months of this year, versus the comparable period in 2018. Consistent with the Ameren Missouri Smart Energy Plan, we are

putting meaningful dollars to work to modernize the energy grid. For example, as of the end of September, we have installed 120 distributed automatic switches, replaced or upgraded six substations, and installed 15,000 fortified poles.

Speaking of making progress, in Illinois, we are on track to complete the installation of over 1.2 million electric smart meters and over 830,000 gas modules by year end. Installation of these important tools for our customers will be completed ahead of schedule and on budget.

In our Transmission business, we are on track to finish the Mark Twain multi-value project by the end of this year.

Looking ahead, there is much more to come in the way of energy infrastructure investments in all of our segments, which will deliver long-term value to our customers and the communities we serve. We have a vast energy transmission and distribution system, that we will continue to prudently and systematically invest in. In addition, we'll continue to transition our Generation portfolio to a cleaner and more diverse portfolio in a responsible fashion. That transition will include significant investments in renewable energy, which I'll cover in more detail in a moment, and we will continue to invest in advancing technologies, including digital technologies, to meet our customers' rising expectations.

Of course, as we make these investments, it is important that we continue to be focused on keeping rates affordable and competitive, and we're doing just that. Our pending Ameren Missouri electric rate review request for a \$1 million decrease in annual electric revenues demonstrates that focus. Similarly, in late August, the Missouri PSC issued an order approving a \$1 million annual revenue decrease in the Ameren Missouri Natural Gas rate review, and just last month administrative law judges recommended a decrease in Ameren Illinois' annual electric formula rate update, consistent with Ameren Illinois' request of \$7 million. In addition, we continue to make significant investments in Missouri and Illinois in robust energy-efficiency programs that allow our customers to better manage their energy usage and control their overall energy costs. These programs are delivering significant results.

These rate review filings, coupled with our robust energy-efficient programs, demonstrate that we are clearly focused on keeping our customers' rates competitive and affordable, while we make significant investments in energy infrastructure to improve service to our customers and drive earnings growth for our shareholders.

Moving to the second pillar of our strategy, which focuses on enhancing regulatory frameworks and advocating for responsible energy and economic policies. Earlier this year, constructive electric grid modernization legislation that would extend electric formula rate-making through 2032, while widely supported, was not brought to a vote before the full Illinois General Assembly, due to other legislative matters taking priority during this year's General Session. To date, this important grid modernization legislation has not been addressed during the veto session, which is scheduled to end on November 14. If not addressed during the veto session, we will continue to support extension of electric formula rate-making in the future.

Shifting to Missouri, I am pleased to report that last month we received Missouri PSC approval for the next phase of our Charge Ahead program, which will bring significantly more electric vehicle charging stations to our service territory. This program provides incentives to develop electric vehicle charging stations along highways and in communities throughout Ameren Missouri's service territory. The program is expected to drive the installation of over 1,000 charging ports at more than 350 locations, to enable long-distance vehicle travel, reduce range anxiety, and encourage electrification of the transportation sector. This program is consistent with our focus on reducing economy-wide carbon emissions, to address risks and concerns over climate change, and to meet our customers' rising energy needs and expectations. Of course, we're doing our part in driving down carbon emissions in many ways, which leads me to an update on the third

pillar of our strategy, which includes creating and capitalizing on opportunities for investment that will benefit our customers and shareholders.

On Page 6 of our presentation, we outline our investment plans to achieve compliance with Missouri's Renewable Energy Standard, and continue to transition our generation portfolio. Specifically, we have two build-transfer agreements in place for 700 megawatts of new wind generation. We expect our investment in these projects to be approximately \$1.2 billion, which is \$200 million above the guidance we provided at the beginning of the year for our wind generation investment. I'm also pleased to report that we now have all regulatory approvals for these two projects, and both interconnection agreements have been executed. Construction is also now underway on these two important renewable energy projects for the State of Missouri. Both facilities will be significant additions to our renewable energy portfolio and are expected to be in service by the end of next year. We expect to see meaningful contributions to earnings in 2021 from these investments. At this time, these investments are also expected to fulfill our 2021 compliance needs under Missouri's Renewable Energy Standard. Consistent with our plans to reduce carbon emissions by 80% from 2005 levels by 2050, we will assess additional renewal generation opportunities for the benefit of our customers in the context of our next comprehensive Integrated Resource Plan, which we plan to file in September 2020.

Before moving on, and while discussing our Generation portfolio, I'd like to provide an update on litigation regarding Ameren Missouri's past compliance with the New Source Review provisions of the Clean Air Act. As you may recall, this litigation dates back to 2011, when the Department of Justice, on behalf of the EPA, filed a complaint against Ameren Missouri, alleging that in performing certain projects at the Rush Island Energy Center, we violated the New Source Review provisions of the Clean Air Act. In 2017, the District Court issued a liability ruling and in September 2019 ordered the installation of pollution control equipment at the Rush Island Energy Center, as well as at the Labadie Energy Center.

We believe in reaching this liability and remedy the decisions, the District Court both misinterpreted and misapplied the law on several accounts. As a result, we immediately sought a stay of this decision with the District Court and appealed this decision to the United States Court of Appeals for the Eighth Circuit. Recently, the District Court granted a stay of the majority of its order, which will allow us to avoid unnecessary and costly expenditures for our customers, while the case is on appeal. We strongly believe that we have complied with the Clean Air Act, and we look forward to presenting our arguments to the Court of Appeals. Based on the initial procedural schedule, all arguments are expected to be heard in 2020. However, the Court of Appeals is under no deadline to issue a ruling in this case.

Turning now to Page 7, I'd like to expand a bit more on how we are leaning forward on a host of innovative programs and investments to deliver a brighter and cleaner energy future, consistent with our customers' energy needs and rising expectations. As I've said before, our customers are at the center of our strategy.

In addition to the robust energy infrastructure investments we are making to modernize the energy grid, our customers are asking for innovative programs and investments to enhance reliability and produce cleaner forms of energy at affordable and competitive costs, as well to enable them to better manage their energy usage. As you can see on this page, we are listening to our customers.

In addition to the Charge Ahead program and 700 megawatts of wind generation I spoke about earlier, we are investing in innovative technologies and have developed several programs to help bring clean energy to the grid and our customers. These include Ameren Missouri's Neighborhood Solar Program, Community Solar Program, Renewable Choice Program and Solar + Storage, in addition to robust energy efficiency programs in Missouri and Illinois. I'll briefly touch on a few of these programs now.

Our Renewable Choice Program allows large commercial and industrial customers, and municipalities, to elect to receive up to 100% of their energy from renewable resources. This program enables us to supply

customers with up to 400 megawatts of wind generation, up to 200 megawatts of which we could own. We are currently in a process of reviewing wind generation projects for this program and soliciting binding interest from customers. We don't expect any projects associated with this program to go into service until 2021. We will give you a more comprehensive update during our year-end conference call next February.

Our Community Solar Program allows residential and small business customers to elect to enroll for up to half of their average annual energy usage to participate in solar generation. This program launched in the fall of 2018, and quickly reached full subscription. Based on customer demand, we plan to file a request with the Missouri PSC to expand the program in 2020 from one megawatt to seven megawatts.

During our second quarter call, we discussed the three 10 megawatt Solar + Storage facilities. These facilities will be the first of their kind in the state, and are designed to meaningfully enhance reliability for our customers in a cost-effective manner. We have already filed for a Certificate of Convenience and Necessity with the Missouri PSC and expect a decision by the first quarter of 2020.

In summary, we believe that the robust energy infrastructure investment plans, that I described earlier, coupled with these and other innovative customer programs, will help create a smarter, cleaner and more reliable and resilient integrated energy grid, that will deliver a brighter energy future for our customers and the communities we serve.

Moving now to Page 8, we believe that the execution of our strategy in 2019, and beyond, will continue to deliver superior value to our customers and shareholders. In February, we rolled forward our five-year growth plan, which included our expectation of 6% to 8% compound annual earnings per share growth for the 2018 to 2023 period, using 2018 weather-normalized core earnings per share as a base. This earnings growth is primarily driven by expected 8% compound annual rate base growth over the same period. As I noted earlier, we have a strong pipeline of investments in each of our jurisdictions that will deliver value to our customers. In addition, we will continue to advocate for constructive regulatory frameworks and energy policies to support these important investments for the future. We will provide an update on our five-year capital plan during our year-end earnings call next February.

Finally, our strong earnings growth expectation positions us well for future dividend growth. Last month, Ameren's Board of Directors expressed its confidence in our long-term growth plan, by increasing the dividend by over 4%, the sixth consecutive year with a dividend increase. Together, we believe our strong earnings growth outlook, combined with our solid dividend, which currently provides a yield of approximately 2.7%, results in an attractive total return opportunity for shareholders.

Before I turn the call over to Marty, I'd like to touch on the executive rotation announced last month. Effective December 1, Marty, currently our Executive Vice President and Chief Financial Officer, and President of Ameren Services, will become President of Ameren Missouri, and Michael Moehn, currently President of Ameren Missouri, will assume Marty's current responsibilities. This rotation of responsibilities is consistent with Ameren's robust leadership development plan. I firmly believe this rotation will not only broaden their already strong work experiences, but it will also further strengthen our Senior Leadership expertise and better position us to execute our long-term strategic plan. I'm sure that many of you know that Marty and Michael have worked closely together for many years, and I am very confident that the transition will be seamless and that they will perform exceptionally well in their new roles, just as they have for almost 20 years as leaders at Ameren.

In closing, we accomplished a great deal during the third quarter. Our operations and financial results were solid, our investments are delivering results for our customers, while keeping rates affordable and competitive, and we narrowed our 2019 earnings guidance, while also increasing our guidance midpoint \$0.03 per share. Simply put, we are doing what we said we would do. We are delivering superior long-term value for our customers, the communities we serve, and you, our shareholders.

Again, thank you all for joining us today, and I'll now turn the call over to Marty.

Martin Lyons:

Thank you, Warner, and good morning, everyone. On Page 11 of our presentation is a table outlining the GAAP to core earnings reconciliations. I will simply note that there was a non-core charge in 2018, but no non-core activity in 2019.

Turning to Page 12 of our presentation, as Warner mentioned, today we reported third quarter 2019 GAAP and core earnings of \$1.47 per share, compared to core earnings of \$1.50 per share for the year-ago quarter. Here, we highlight the key factors by segment that drove the overall \$0.03 per share decrease.

Earnings per share for Ameren Illinois Electric Distribution were down \$0.02, compared to last year, driven by a lower allowed return on equity, due to a projected average 30-year treasury bond yield in 2019, compared to 2018. This was partially offset by earnings on increased infrastructure and energy efficiency investments. The expected allowed return on equity this year is 8.3%, down from the 2018 average of 8.9%. The 2019 allowed ROE is based on an expected average 30-year treasury yield of 2.5%, down from the 2018 average of 3.1%.

Ameren Illinois Natural Gas results decreased \$0.01, due to a change in rate design, which was partially offset by earnings on increased infrastructure investments. The rate design change is not expected to impact full year results.

Ameren Parent results decreased \$0.02 per share, primarily due to timing of income tax expense, which is also not expected to impact full year results.

Ameren Transmission earnings were up \$0.02, reflecting increased infrastructure investments.

Finally, Ameren Missouri, our largest segment, reported earnings that were comparable to prior year results. Ameren Missouri's 2019 earnings reflect a MEEIA performance incentive related to the 2016 Energy Efficiency Plan, which contributed \$0.05 per share. I am pleased to report that we met the energy savings goals needed to earn the maximum performance incentive available under the 2016 MEEIA plan. Ameren Missouri's earnings comparison also reflects the positive comparative impacts of timing differences in 2018 related to federal tax reform, which are not expected to impact full year earnings comparison.

These favorable factors were mostly offset by lower electric retail sales, which decreased earnings by an estimated \$0.04 per share, primarily due to milder mid-summer temperatures in this quarter, compared to the year-ago period. However, I will note that cooling degree days for the quarter were above normal, driven primarily by the month of September, which was the hottest on record for St. Louis.

Finally, Ameren Missouri's 2019 earnings reflect increased property tax expense, due to higher assessed values, which decreased earnings by \$0.02 per share.

Before moving on, let me briefly cover electric sales trends for Ameren Missouri and Ameren Illinois Electric Distribution for the first nine months of this year compared to the first nine months of last year.

Weather-normalized kilowatt-hour sales to Missouri residential and commercial customers, on a combined basis, increased 0.5%, excluding the effects of our energy efficiency plan under MEEIA. Kilowatt-hour sales to low-margin Missouri industrial customers decreased about 3%, after excluding the effects of our energy efficiency plan. We exclude MEEIA effects because the plan provides rate recovery to ensure that earnings are not affected by reduced electric sales resulting from our energy efficiency efforts.

Weather-normalized kilowatt-hour sales to Illinois residential and commercial customers, on a combined basis, decreased about 2% and kilowatt-hour sales to Illinois industrial customers decreased 1%. Recall that changes in electric sales in Illinois reflect the impacts of our robust energy efficiency programs and, no matter the cause, do not affect our earnings, since we have full revenue decoupling.

Moving then to Page 13 of our presentation, despite the lower 30-year treasury yields, discussed earlier, our year-to-date results are solidly on track. As Warner noted, due to the solid execution of our strategy, we narrowed our 2019 earnings guidance to a range of \$3.23 to \$3.33 per share, increasing the midpoint by \$0.03. Select earnings considerations for the balance of the year are listed on this page. I will not comment specifically on these considerations, since they are largely self-explanatory and consistent with the 2019 earnings drivers and assumptions discussed on our February earnings call and the balance-of-year considerations outlined on our second quarter call.

Moving now to Page 14, for a discussion of select regulatory matters, starting with Ameren Missouri. As you will recall, on July 3, we filed for a \$1 million revenue decrease with the Missouri Public Service Commission. The request includes a 9.95% return on equity, a 51.9% equity ratio, and a December 31, 2019 estimated rate base of \$8 billion. It is based on a 2018 test year with certain pro-forma adjustments through the end of 2019 and January 1, 2020. Intervener testimony will be filed in early December, with responsive testimony filed in early 2020. Absent a comprehensive settlement, evidentiary hearings are scheduled to begin in early March 2020. A Missouri PSC decision is expected by late April 2020, with new rates expected to be effective by late May.

Regarding our Ameren Missouri Natural Gas rate review, a Missouri PSC decision was issued in late August for a \$1 million annual revenue reduction, and new rates were effective on September 1. While this was a black-box settlement, it specifically provides for the use of the actual Missouri capital structure, as of May 31, 2019, of 52% equity, and a range of reasonable allowed ROE of 9.4% to 9.95%, including the use of 9.725% for the infrastructure rider.

Finally, last week, we requested Missouri PSC approval for a change to the way we account for scheduled Callaway Energy Center refueling and maintenance outage expenses. If the request is approved prior to the fall of 2020 outage, we expect to defer the maintenance expenses incurred related to the outage and begin amortizing those expenses over approximately 18 months after completion of the outage. We believe this change would allow the timing of expense recognition associated with these outages to more closely align with the timing of related revenue recognition.

Moving to Page 15, and Ameren Illinois Electric Distribution regulatory matters, in April, we made our required annual electric distribution rate update filing. Under Illinois' formula rate-making, our Ameren Illinois utility is required to file annual rate updates to systematically adjust cash flows over time for changes in cost of service and to true-up any prior period over- or under-recovery of such costs. In October, the administrative law judges issued a proposed order, consistent with Ameren Illinois' request. An ICC decision is expected in December, with new rates expected to be effective in January 2020.

Finally, we expect to file a rate review with the ICC for our Ameren Illinois Natural Gas business in early 2020, using a future test year ending December 31, 2021.

Turning now to Page 16, for an update on notable financing activities, that we would like to highlight.

On August 5, we entered into an equity-forward sale agreement to fund a portion of the 700 megawatt wind generation investment expected to be in-service by the end of next year, with expected proceeds of \$540 million to \$550 million upon settlement. This was another important milestone for our wind generation

investment. Settlement of the forward sale agreement is expected to occur as we close on the wind project acquisitions.

In addition, to take advantage of the decline in interest rates that occurred during the quarter, on September 16, Ameren Corporation issued \$450 million of 2.5% senior unsecured notes due in 2024. Proceeds of the issuance were used to repay short-term debt.

Finally, on October 1, Ameren Missouri issued \$330 million of 3.25% first mortgage bonds due in 2049. This was the lowest rate for a 30-year bond issue in Ameren Missouri's history, which helps keep customer rates low, as proceeds were used to repay at maturity \$244 million of 5.1% senior secured notes due October 1, as well as to repay short-term debt.

Lastly, Ameren Illinois is expected to issue long-term debt by the end of this year.

Moving now to Page 17, we plan to provide 2020 earnings guidance when we release fourth quarter results in February next year. Using our 2019 year-to-date results and guidance as a reference point, we have listed on this page select items to consider as you think about the earnings outlook for next year.

Beginning with Missouri, we expect new electric service rates to be implemented in 2020, as a result of our pending rate review. These rates are expected to reflect recovery of, and return on, new infrastructure investments, lower fuel and transportation costs, as well as more recent sales and other costs, which, collectively, are expected to increase earnings, when compared against 2019.

I would note that due to the excellent results stemming from our robust energy efficiency programs for our customers, we earned strong performance incentives in Missouri in 2019. As a result, we expect energy efficiency performance incentives to be approximately \$0.09 per share lower than 2019. Further, we expect a return to normal weather in 2020 will decrease Ameren Missouri earnings by approximately \$0.02, compared to 2019 results to date, assuming normal weather in the last quarter of this year.

Absent a Missouri PSC approval of a requested change in the way we account for Callaway scheduled refueling and maintenance outages, which I discussed earlier, we expect expenses associated with the fall 2020 outage to be approximately \$0.02 per share higher than those experienced for our spring 2019 outage and prospective outages. We are going to perform some additional maintenance activities for this fall 2020 outage that will result in the costs being approximately \$0.11 per share, versus \$0.09 per share this year.

As previously noted, the 700 megawatts of wind generation are expected to be in-service by the end of 2020. As a result we expect to see contributions to earnings from these investments in 2021.

Earnings from our FERC-regulated Electric Transmission activities are expected to benefit from additional investments in Ameren Illinois and ATXI, made under forward-looking formula rate-making. Ameren Transmission earnings would, of course, be affected by any change, positive or negative, to the current allowed ROE of 10.82%.

For Ameren Illinois Electric Distribution, earnings are expected to benefit in 2020, compared to 2019, from additional infrastructure investments made under Illinois' formula rate-making. The allowed ROE under the formula will be the average 2020 30-year treasury yield, plus 5.8%, which is applied to year-end rate base.

For Ameren Illinois Natural Gas, earnings are expected to benefit from an increase in infrastructure investments qualifying for rider treatment, that will earn the current allowed ROE of 9.87%.

Finally, the issuance of common shares for our dividend reinvestment and employee benefit plans are expected to unfavorably impact earnings per share. Of course, in 2020, we will seek to manage all of our

businesses to earn as close to our allowed returns as possible, while being mindful of operating and other business needs.

Turning to Page 18, I will summarize. We continue to expect to deliver strong weather-normalized earnings growth in 2019, as we successfully execute our strategy. As we look to the longer term, we continue to expect strong earnings per share growth, driven by rate base growth and disciplined financial management. Our outlook includes a strong pipeline of investments which allows us flexibility to manage headwinds, as we look to deliver on our long-term earnings per share growth goals. Further, we expect this growth to compare favorably with the growth of our regulated utility peers. In addition, Ameren shares continue to offer investors an attractive dividend. In total, we have an attractive total shareholder return story that we believe compares very favorably to our peers.

That concludes my prepared remarks. With that, we now invite your questions.

Operator:

Thank you. We will now be conducting a question and answer session. If you'd like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you'd like to remove your question from the queue. We ask that you please limit your time to one question and one follow-up, as necessary. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Our first question comes from Julien Dumoulin-Smith with Bank of America. Please proceed with your question.

Warner Baxter:

Good morning, Julien.

Alex Morgan:

Good morning. It's actually Alex Morgan calling in for Julien.

Warner Baxter:

Hello, Alex. How are you doing?

Alex Morgan:

Thank you for taking my question. I'm doing well. How are you?

Warner Baxter:

Terrific, thank you.

Alex Morgan:

Congrats on the guide up in 2019 earnings.

Warner Baxter:

Terrific, thank you.

Alex Morgan:

I have two quick questions. The first one, I was just hoping you might be able to confirm that you have not received a letter from the SEC or the FBI regarding any of your activities in Illinois. I'm just thinking about some of your peers in the state.

Warner Baxter:

Sure. This is Warner. So, look, the simple answer to that question is no, on both counts. Just to be clear, in the normal course, we don't normally comment on litigation matters and subpoenas, unless they're material or have a financial impact, but I recognize the sensitivity of this, and so I'll just reiterate again, no, on both counts, period.

Alex Morgan:

Okay, thank you. I just wanted to, you know, ask that one quickly. Then, the other question that I had was just a little bit on the 2020 drivers slide that you had included. In Ameren Missouri, I know you talked a little bit about the \$0.09 lower energy efficiency performance. I was hoping you could delve into that a little bit more; specifically, how we should be thinking about energy efficiency going forward, and also for 2020, how should we be thinking about that being offset.

Martin Lyons:

Sure, Alex. This is Marty, let me talk a little bit about that. In 2019, we've had a little bit of an unusually positive year in terms of MEEIA performance incentive benefits. In Q1, you may recall that we had about a \$20 million benefit, and in Q3, we've recognized another approximately \$18 million benefit, so the total is about \$38 million for the year, or approximately \$0.11, maybe a little over \$0.11. Really, that's because of incentives related to two prior programs, both the 2013 program and the 2016 programs. In the quarter, we actually had—as I mentioned, in the third quarter, we had this \$18 million benefit, and the range could have been anywhere from a target incentive of \$5 million up to the \$18 million, that was recognized, as I mentioned in our prepared remarks, where we achieved the maximum under the program. So, we actually had a fairly positive year.

Just to give you a little bit of a sense of history, you know, you go back in time, in 2017, we had really no benefit, in 2018, I think it was about a \$0.03 benefit, and then this year we had, as I said, about an \$0.11 benefit. Like I said, it was something that could have been a range of \$5 million to \$18 million in Q3, so a bit of a positive benefit there, relatively, and versus expectations.

As you look ahead to next year, we roll into—we're into now, this year, the MEEIA III, the third version of this energy efficiency program, and, depending upon the performance under this first year, we expect that the benefits next year could be in the range of \$7 million to \$8 million, so down next year, which is why we're guiding at this point to about a \$0.09 negative year-over-year. But, I just do want to highlight again that when you look at this year, the fact that we are raising guidance here in the quarter, raising the midpoint of our guidance by \$0.03, certainly, part of our ability to do that is the performance incentive that we did earn in Q3, at that maximum level.

Alex Morgan:

Thank you so much. Have a great day, guys.

Martin Lyons:

Thanks, Alex.

Warner Baxter:

We'll see you next week.

Operator:

Our next question comes from Greg Reiss with Centenus. Please proceed with your question.

Warner Baxter:

Morning, Greg.

Greg Reiss:

Hey, congrats on a good quarter.

Warner Baxter:

Thank you.

Greg Reiss:

I was wondering, can you guys quantify this Callaway deferral request? I know that you've embedded about \$0.11 for next year as a headwind, but if you get this deferral, I guess, how much of that \$0.11 would get pushed out and kind of spread over the next period?

Martin Lyons:

Hey, Greg, this is Marty again. You're right. The outage next year, we're forecasting to be about an \$0.11 outage. If the request we made is accepted by the Commission, what we would expect then is that we would defer that \$0.11 and then amortize it over approximately an 18-month period. To a large extent, that \$0.11 would be removed from earnings next year, there would be a little bit of amortization sort of at the end of next year, but then, of course, the next year, when you roll around to 2021, when we won't have an outage, that we would see approximately two-thirds of an outage expense reflected in that year. That's how we'll do it.

I'll tell you, Greg, in terms of this ask we've made of the Commission, it's really not a change in rate-making, per se, or revenue requirement, but I think what this would allow us to do is, over time, not have fluctuations in our earnings due to the timing of these Callaway outages and give us a smoother trajectory of earnings growth going forward. That's part of the goal with respect to this ask.

Greg Reiss:

Got you, and then, would you envision this being something that you'd be able to utilize to potentially help offset some of the headwinds you're experiencing from the 30-treasury move-down?

Martin Lyons:

No, not really, specifically, Greg, in terms of that. I think that really, like I said, the thrust behind this is to, over time, have a more normalized level of growth over time and not have the sort of fluctuations associated with Callaway.

If you look at what we did this year, Greg, I mean, just in terms of this 30-year treasury, this year, we went into the year thinking it was going to be about 3.1%, and we're booking to about 2.5%, so down about 60 basis points, which created this year about \$0.04 of headwind. As you heard today, we raised the midpoint of our guidance \$0.03. A little bit of that is positive weather, we've had a couple of cents of positive weather. We also had these MEEIA performance incentives, I spoke to earlier. But, also contributing to that ability to rise guidance is a disciplined cost control.

As we look ahead towards the longer term and the growth that we're expecting of 6% to 8%—look, the long-term guidance we've given, 6% to 8% growth out through 2023, yields about \$0.40 earnings range out there in 2023. If you look at where we are from the beginning of this year until today, from, say, a 3.1% treasury down to about a 2.4% today, it's about 70 basis points. We're talking about a nickel or so of earnings, if those 2.4% treasury rates hold. A nickel, in of itself, is certainly not going to move us outside that \$0.40 range.

As we look to the longer term, we've got a number of tools in our toolbox, we have actions we believe we can take, and we've discussed many times that we've got a very robust pipeline of capital investments that we can make over time, certainly, a tool in our toolkit, but the bottom line is, Greg, that range we've got out there accommodates a range of treasury rates, allowed returns on equity spending levels, regulatory decisions, rate review timing, economic conditions, financing plans, etc., and we'll continue to take actions prospectively, as we have in the past, to deliver on our commitments.

Greg Reiss:

Got you. Thank you very much.

Warner Baxter:

Thanks, Greg.

Operator:

As a reminder, if you'd like to ask a question, please press star, one on your telephone keypad. One moment, please, while we poll for questions.

Our next question comes from Paul Patterson with Glenrock Associates. Please proceed with your question.

Warner Baxter:

Good morning, Paul.

Paul Patterson:

Hey, good morning.

Warner Baxter:

Good morning.

Paul Patterson:

I wanted to follow up a little bit on Greg's question regarding the change in sort of the ROE in Illinois. I'm just wondering—I mean, you went over pretty well the sort of impact on EPS, in general, but just the difference in return versus other jurisdictions is pretty significant, and I'm wondering—I know you're going to give the cap ex update in February, but could you give us a little bit of a flavor of how it may or may not change, in terms of your investment outlook, just simply given the differential that you're now seeing in Illinois distribution versus the other jurisdictions you have?

Warner Baxter:

Sure, Paul. This is Warner, I'll touch a little bit on it, and then, Marty, feel free to jump in. Look, at the end of the day, we've said before, we like formula rate framework. There are many things to like about it, including the ability to not only earn our allowed returns, but also to get very timely cash flows to make these investments. That's worked very well for us for a long time, and as you heard us say, and me say on the call, it's a framework that we're going to continue to support, whether it be in the veto session or the next legislative session.

Look, we're mindful of the lower ROEs, too, and it's not lost upon us. Certainly, as we think about the overall framework, you know, if there's an opportunity, in the context of a legislative initiative, for a good reasonable fix to the ROE, Richard and his team, they'll take a look at that, but we're clearly focused on this formula rates legislation and passing it through 2032, because we think that has created significant results for Illinois, for so many reasons, not just investments for liability, jobs and affordability.

When we think about capital allocation, certainly, we'll be mindful of that, too, but right now, we'll come out with our more specific plan next year, that is potentially a lever, but, as Marty also said, we have robust capital expenditures that we can put to work in all four of our business segments. So, stay tuned, we'll talk more about that in February.

Marty, anything more to add to that?

Martin Lyons:

No, Warner, I think that was a great response. I think one of the things, Paul, to look at is—especially on Slide 8. I mean, over time, we have allocated more growth capital to the places where we've had the more robust ROEs, and, as Warner said, we do have robust pipelines of infrastructure investment opportunities in all of our jurisdictions. Without giving any specifics as to what we might unveil in February, certainly, we've carefully allocated capital over time based upon ROEs and quality of regulatory frameworks.

The other thing I'd just mention—this gets a little bit back to Alex's question, as well as yours, too, Paul—I mean, each one of our jurisdictions will continue to work to earn as close to our allowed returns as we can. Alex was specifically asking about Missouri and overcoming some of this decline in the performance incentives, and I would just note, as I reflect on her question and as it relates to Missouri, in each one of our jurisdictions and earnings allowed, certainly, we're going to exercise disciplined financial management, both capital allocation, as well as O&M controls, as well, to work to earn as close to those allowed as we can as we deploy that growth capital.

Paul Patterson:

Okay, great. In terms of the outlook on the legislation in Illinois, is there a potential, do you think, for changing the legislation significantly, or is it pretty much more just sort of an effort of getting what's been working for you pretty well extended? Do you follow what I'm saying?

Warner Baxter:

I do, Paul, and this is Warner again. Look, we've been real clear. Our objective is to take the existing formula rate framework and extend it to 2032. That's what we've been advocating throughout this year and it's what we continue to advocate today, and that's what I said on the call. Whether we have an opportunity to address the ROE, that is something that we will look at it. But, look, we like what we have, and if we can make it even better, we will do that, as well.

Paul Patterson:

Thanks so much, guys.

Operator:

Our next question comes from Kevin Fallon with Citadel. Please proceed with your question.

Kevin Fallon:

Hey, guys. How are you?

Warner Baxter:

Good morning.

Martin Lyons:

Good, Kevin, thanks.

Kevin Fallon:

I just wanted to ask just a little bit more specifically, on the FERC Transmission subs, what kind of opportunity is there to add more capital; and also, in terms of the kind of rolling five-year period on the PISA in Missouri, what's the headroom beyond what you currently have in the plan?

Warner Baxter:

A couple things there, Kevin. I think when you look at—I'll start with Transmission, and, Michael, I'll let you jump in on the Missouri piece there.

Transmission, as we've said before, we think there are many robust Transmission opportunities. I think, number one, we've said on other calls, that when you see the level of renewable generation being added in the broader MISO footprint, and you see all the interconnection agreements that are being put in place today, we believe when you step back and we get through these interconnection agreements, that MISO will have an opportunity to step back and say, "Look, is this the most efficient and effective way for the transmission system to be configured?" and it will give those that are in MISO an opportunity to look at potential multi-value projects down the road. Now, that's not tomorrow, but we do see that as, certainly, an opportunity down the road, that could be robust expansion there.

Even today, we have a vast transmission system, and so today we're continuing to address aging infrastructure, we continue to address sort of new compliance standards. That's not ending, both in Missouri and Illinois, and so we continue to see those investment opportunities to be real and significant. You look beyond that, there's certainly grid modernization with regard to security, and all these other types of things.

Shawn, in the Transmission business, we've talked often about this, but we see the pipeline to continue to be robust. Anything that I've missed in those areas that you and your team are looking at?

Shawn Schukar:

No, I think you hit it, Warner. There's a lot of opportunity that we see coming down the road, especially as we think about the transition to a carbon-free generation portfolio that will affect not only the upgrades on our system, but the flows to our system, which will cause us to think about additional investments.

Warner Baxter:

Sure. Michael, why don't you hit on Missouri, please.

Michael Moehn:

Yes, really, just similar, Warner. I don't think we specifically have commented about sort of where the complete opportunities are, other than to say we have a robust pipeline there, right? We're investing quite a bit of capital already year-over-year this year, but as we look, we're just beginning to scratch the surface in terms of making the investments to continue to improve the grid and meet the expectations the customers have for us from an increasing standpoint, so we feel that we have room underneath the cap to continue to do that over time.

Warner Baxter:

As I said during my prepared remarks, Missouri is going in for a rate review and it's asking for a \$1 million rate decrease, and so I think that's evidence of the work that we're doing to be very disciplined in our cost management, as well as putting to work really significant investments that are delivering significant value to our customers and our communities.

Kevin Fallon:

That's very helpful, and just to follow-up, when you guys raised the growth rate before, obviously, it was driven by a lot of the stuff you were just highlighting in terms of the sizeable capital program that you have going forward, and I know people are focused on the headwind from the 30-year. Should we still think that you guys have the program in place to do the midpoint of the range through the guidance period?

Martin Lyons:

Yes, Kevin, this is Marty. Look, it goes back to the statement I made earlier. The guidance range we gave, that 6% to 8%, it's about a \$0.40 range, and if you look at where our treasury rates were at the beginning of the year, about 3.1%, and we've gave guidance now about 2.4%, it's about a \$0.05 delta. That is not going to move you outside the range, and, frankly, not move you all that far off the midpoint. As I said earlier, we have a lot of tools in our toolkit, as well as actions that we can take, to offset a \$0.05 decline.

Look, I mean, we just talked about the robust pipeline we have in all of our jurisdictions. We do believe we have a robust pipeline in Transmission, as well as Missouri, Illinois Gas, Illinois Electric Delivery, really across the board, and it's a major tool that we have in our toolkit. But, as I said, over time, that range we

have out there accommodates a lot of variables and we expect to continue to allocate capital wisely, we expect to exercise discipline to management with respect to our costs, with a real eye towards affordability for our customers, and we talked here today about making sure that we do the right things regulatory, legislatively, to make sure we deliver on our commitments.

Kevin Fallon:

Okay. The nickel is basically the bogy for what you guys have to offset with the capital, or whatnot?

Martin Lyons:

As I outlined, we were at 3.1% at the beginning of the year, we're at 2.4% today, that's about a nickel.

Kevin Fallon:

Okay, that's very helpful. Thanks, guys.

Warner Baxter:

Thanks, Kevin.

Operator:

Mr. Kirk, there are no further questions at this time. I'd like to turn the floor back over to you for closing comments.

Andrew Kirk:

Thank you for participating in this call. A replay of this call will be available for one year on our website. If you have questions, you may call the contacts listed on our earnings release. Again, thank you for your interest in Ameren. Have a great day.

Operator:

This concludes today's conference, you may disconnect your lines at this time, and we thank you for your participation.