



Ameren Corporation

First Quarter 2021 Earnings Conference Call

May 11, 2021

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, projections, strategies, targets, estimates, 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, 2020, 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, that may change regulatory recovery mechanisms, such as those that may result from potential future orders and Ameren Missouri's electric service and natural gas delivery service regulatory rate reviews filed with the Missouri Public Service Commission ("MoPSC") in March 2021, the July 2020 appeal filed by Ameren Missouri, Ameren Illinois, and ATXI challenging the refund period related to the May 2020 Federal Energy Regulatory Commission ("FERC") order determining the allowed base return on equity ("ROE") under the Midcontinent Independent System Operator, Inc. ("MISO") tariff, the July 2020 appeal filed by Ameren Missouri, Ameren Illinois, and ATXI challenging the FERC's rehearing denials in the transmission formula rate revision cases, Ameren Illinois' request for rehearing of the March 2021 FERC order related to Ameren Illinois' 2020 transmission formula rate update, and Ameren Illinois' electric distribution service rate reconciliation request filed with the Illinois Commerce Commission ("ICC") in April 2021;
- the length and severity of the COVID-19 pandemic, and its impacts on our business continuity plans and our results of operations, financial position, and liquidity, including but not limited to changes in customer demand resulting in changes to sales volumes, customers' payment for our services and their use of deferred payment arrangements, future regulatory or legislative actions that could require suspension of customer disconnections and/or late fees, among other things, for an extended period of time, the health and welfare of our workforce and contractors, supplier disruptions, delays in the completion of construction projects, which could impact our expected capital expenditures and rate base growth, Ameren Missouri's ability to recover any forgone customer late fee revenues or incremental costs, our ability to meet customer energy-efficiency program goals and earn performance incentives related to those programs, changes in how we operate our business and increased data security risks as a result of the transition to remote working arrangements for a significant portion of our workforce, and our ability to access the capital markets on reasonable terms and when needed;
- the effect and duration of Ameren Illinois' election to participate in performance-based formula ratemaking framework for its electric distribution service, which, unless extended, expires at the end of 2022, and its participation in electric energy-efficiency programs, including the direct relationship between Ameren Illinois' ROE and the 30-year United States Treasury bond yields;
- the effect on Ameren Missouri of any customer rate caps pursuant to Ameren Missouri's election to use the plant-in-service accounting regulatory mechanism, including an extension of use beyond 2023, if requested by Ameren Missouri and approved by the MoPSC;
- 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, and challenges to the tax positions taken by us, if any, as well as resulting effects on customer rates;

- the effects on energy prices and demand for our services resulting from technological advances, including advances in customer energy efficiency, electric vehicles, electrification of various industries, 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 Future Energy Jobs Act electric customer energy-efficiency goals and the resulting impact on its allowed ROE;
- our ability to control costs and make substantial investments in our businesses, including our ability to recover costs, investments, and our allowed ROEs within frameworks established by our regulators, while maintaining affordability of our services for our customers;
- the cost and availability of fuel, such as 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;
- 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 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 nuclear and coal-fired energy centers, or, in the absence of insurance, the ability to timely 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, which have been affected by, and will be affected by the length and severity of, the COVID-19 pandemic, including the impact of such conditions on interest rates;
- disruptions of the capital markets, deterioration in our credit metrics, 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, including any impacts on our credit ratings that may result from the economic conditions of the COVID-19 pandemic;
- the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments, including as it relates to the construction and acquisition of electric and natural gas utility infrastructure and the ability of counterparties to complete projects which is dependent upon the availability of necessary materials and equipment, including those that are affected by the disruptions in the global supply chain caused by the COVID-19 pandemic;
- the impact of weather conditions and other natural phenomena on us and our customers, including the impact of system outages and the level of wind and solar resources;
- the construction, installation, performance, and cost recovery of generation, transmission, and distribution assets;
- the effects of failures of electric generation, electric and natural gas transmission or distribution, or natural gas storage facilities systems and equipment, which could result in unanticipated liabilities or unplanned outages;
- the operation of Ameren Missouri's Callaway Energy Center, including planned and unplanned outages, such as the current outage that began in December 2020 related to its generator, and the ability to recover costs associated with such outages and the impact of such outages on off-system sales and purchased power, among other things;
- Ameren Missouri's ability to recover the remaining investment and decommissioning costs associated with the retirement of an energy center, as well as the ability to earn a return on that remaining investment and those decommissioning costs;
- the impact of current environmental laws and new, more stringent, or changing requirements, including those related to New Source Review provisions of the Clean Air Act and carbon dioxide, 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 standards in Missouri and Illinois and with the zero emission standard in Illinois;
- Ameren Missouri's ability to construct and/or acquire wind, solar, and other renewable energy generation facilities, retire energy centers, and implement new or existing customer energy-efficiency programs, including any such construction, acquisition, retirement, or implementation in connection with its Smart Energy Plan, the 2020 integrated resource plan, or our emissions reduction goals, and to recover its cost of investment, related return, and, in the case of customer energy-efficiency programs, any lost margins in a timely manner, which is affected by the ability to obtain all necessary regulatory and project approvals, including certificates of convenience and necessity from the MoPSC or any other required approvals for the addition of renewable resources;
- 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, solar, and other renewable generation and storage technologies; and our ability to obtain timely interconnection agreements with the MISO or other regional transmission organizations at an acceptable cost for each facility;
- advancements in carbon-free generation and storage technologies, and constructive federal and state energy and economic policies with respect to those technologies;
- 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, investors, 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, negative media coverage, or concerns about environmental, social, and/or governance practices;
- 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.

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*

Michael Moehn, *Executive Vice President and Chief Financial Officer, Ameren Corporation*

Martin Lyons Jr., *Chairman and President, Ameren Missouri*

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

Jeremy Tonet, *JPMorgan*

Shar Pourreza, *Guggenheim Securities*

Julien Dumoulin-Smith, *Bank of America Merrill Lynch*

Durgesh Chopra, *Evercore ISI*

Stephen Byrd, *Morgan Stanley*

Paul Patterson, *Glenrock Associates*

Insoo Kim, *Goldman Sachs*

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

Operator

Greetings and welcome to Ameren Corporation's First Quarter 2021 Earnings Conference Call.

It is now my pleasure to turn the conference over to 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, Chief Executive Officer; and Michael Moehn, our Executive Vice President and Chief Financial Officer; as well as other members of the Ameren Management team joining us remotely. Warner and Michael 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 the date 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 this 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, projections, strategies, targets, estimates, 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.

Warner Baxter

Thanks, Andrew.

Good morning, everyone, and thank you for joining us. I hope you, your families and colleagues are safe and healthy.

Before I begin my discussion of our first quarter results and related business matters, I want to begin with a few comments on COVID-19. It is hard to believe that we have now been addressing the challenges associated with this pandemic for over a year now. Needless to say, much has changed. However, one thing that has not changed is our relentless focus on delivering safe, reliable, cleaner and affordable electric and natural gas service for the millions of people in Missouri and Illinois that are depending on us.

As I said during our year-end conference call in February, despite the significant challenges presented by COVID-19, I looked to the future with optimism. In part, this was due to the aggressive distribution of vaccines throughout our country. I am pleased to say that we are beginning to see the fruits of the incredible efforts by so many in the healthcare, government, public and private sectors. COVID-19 cases are down significantly from earlier in the year and restrictions have lessened. As a result, we are clearly seeing signs that the economy is improving in our service territory and across the country.

My optimism was also driven by how our coworkers have consistently stepped up and addressed a multitude of challenges and capitalized on opportunities in the strong execution of our strategy that is delivering value to our customers, communities and shareholders. Together, these factors contributed to our ability to get off to a strong start in 2021.

Which brings me to a discussion of our first quarter results, starting on Page 4. Yesterday, we announced first quarter 2021 earnings of \$0.91 per share, compared to earnings of \$0.59 per share in the first quarter of 2020. The year-over-year increase of \$0.32 per share reflected increased infrastructure investments across all of our business segments that will drive significant long-term benefits for our customers. The key drivers of first quarter results are outlined on this slide.

I'm also pleased to report that we continue to effectively execute our strategic plan and remain on track to deliver within our 2021 earnings guidance range of \$3.65 per share to \$3.85 per share. Michael will discuss our first quarter earnings, 2021 earnings guidance and other related items in more detail later.

Moving to Page 5, here we reiterate our strategic plan. 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. As a result, and as you can see on the right side of this page, during the first three months of this year, we invested significant capital in each of our business segments, including our investment in wind generation.

Regarding regulatory matters, in late March, Ameren Missouri filed a request for a \$299 million increase in annual electric service revenue with the Missouri Public Service Commission. In addition, Ameren Missouri filed a request for a \$9 million increase in annual natural gas revenue with the PSC. While Michael will discuss the details that are reflected in these rate requests in a moment, I would like to briefly touch on some of the key benefits our electric and natural gas customers in Missouri are seeing as a result of the investments reflected in these rate requests.

We are now in the third year of Ameren Missouri's smart energy plan, which is focused on strengthening the grid through infrastructure upgrades, adding more renewable generation, and creating programs to stimulate economic growth for communities across the state. Our grid modernization investments incorporate smart technology, including outage detection and restoration switches, as well as smart meters, which allow customers to take advantage of new rate options. These investments are delivering results through improved reliability and resiliency. For example, on circuits with new smart technology upgrades, we have seen up to a 40% improvement in reliability.

Of course, we also remain committed to a clean energy transition for our customers and state. This is demonstrated through our recent acquisitions of two wind generation facilities located in Northern Missouri, totaling 700 megawatts. In addition, our investments are stimulating economic growth for communities across the state. I am pleased to say that 57% of Ameren Missouri's suppliers in 2020 were Missouri-based, and 32% of its source-able capital spend was with diverse suppliers, and we're doing all of these things while keeping our customers' electric rates approximately 20% below the average in other Midwest states and across the country.

At the same time, we have remained very disciplined in managing our costs. As a result, if approved, the new electric rate request would represent a 5.4% total increase over an almost five-year period, a yearly average of approximately 1%. We will remain disciplined in managing our costs while we build a stronger, smarter and cleaner energy system for our customers now and in the future.

Moving now to Ameren Illinois regulatory matters. In January, we received a constructive rate order from the ICC that resulted in a \$76 million annual increase in gas distribution rates. New rates went into effect in late January.

In our Illinois Electric business, we made our required annual electric distribution rate filing, requesting a \$64 million base rate increase. This filing was only the second requested increase in delivery service rates in six years. While Michael will touch on the details of our filing a bit later, I think it is important to note that, for years, our Illinois customers have realized the benefits of our significant investments in energy infrastructure. Since performance-based ratemaking began in 2012, reliability has improved 20% and over 1,400 jobs have been created.

At the same time, electric rates are among the lowest in the country and Midwest, and are approximately 3% below 2012 levels. This performance-based framework has been a win-win for our customers and the State of Illinois. That is why we continue to strongly advocate for a performance-based regulatory framework in the Illinois legislature.

Which brings me to our discussion of the second pillar of our strategy, enhancing regulatory frameworks and advocating for responsible energy and economic policies, on Page 6.

As I discussed on our conference call in February, an enhanced version of the Downstate Clean Energy Affordability Act legislation was filed earlier this year, which, if passed, would apply to both the Ameren Illinois electric and natural gas distribution businesses. This legislation would allow Ameren Illinois to make significant investments in solar energy, battery storage and electric and gas infrastructure to continue to enhance safety and reliability, as well as in transportation electrification in order to benefit customers and the economy across Central and Southern Illinois. This important piece of legislation would also require diverse supplier spend reporting for all electric renewable energy providers.

Another key component of the Downstate Clean Energy Affordability Act is that it would allow for performance-based ratemaking for Ameren Illinois' natural gas and electric distribution businesses through 2032. The proposed performance metrics would ensure investments are aligned with and are contributing to the safety and reliability of the energy grid and natural gas systems, as well as the state's vision for the transition to clean energy.

Further, this legislation would modify the allowed return on equity methodology in each business to align with the average returns being earned by other gas and electric utilities across the nation. And, as I noted a moment ago, this legislation builds on Ameren Illinois' efforts to invest in critical energy infrastructure under a transparent and stable regulatory framework that is supporting significant investment, improved safety and reliability, and created significant new jobs, all while keeping electric rates well below the Midwest and national averages. This bill would also move the State of Illinois closer to reaching its goal of 100% clean energy by 2050.

With all of these benefits in mind, we are focused on working with key stakeholders to get this important legislation passed. To date, the Downstate Clean Energy Affordability Act has received strong bipartisan support from members of the Senate and House. Currently, House Bill 1734 has 49 sponsors and Senate Bill 311 has 21 sponsors. As I am sure you know, there are also several other energy-related bills being considered by the legislature. We will continue to be actively engaged with key stakeholders throughout the legislative session on these important energy policy matters. The spring session is currently set to end May 31.

Turning to Page 7 for an update on FERC regulatory matters. In April, FERC issued a supplemental Notice of Proposed Rulemaking on the electric transmission return on equity incentive adder for participation in the regional transmission organization, or RTO. In the supplemental notice, the FERC proposes to limit the duration of the 50 basis point ROE incentive adder for companies that join an RTO to three years.

The FERC also proposes to eliminate the adder for utilities that have been part of an RTO for three years or more, which would include Ameren Illinois and ATXI. Without this incentive adder, Ameren Illinois and ATXI would earn the current allowed base ROE of 10.02%. For perspective, every 50 basis point change in our FERC ROE impacts annual earnings per share by approximately \$0.04.

Needless to say, we are disappointed with the direction the FERC has taken in the supplemental Notice and strongly oppose the removal of the adder. From our perspective, the RTO participation adder is needed to compensate companies for assuming risk associated with turning over operational control of assets to the RTO. The proposal is also inconsistent with the FERC's stated policy goals and the intent of existing law to encourage RTO participation. We will continue to advocate for the RTO incentive adder and other project incentive adders proposed in the March 2020 NOPR. We will file comments on the supplement NOPR by the May 26 deadline. Of course, we are unable to predict the ultimate outcome or timing of this matter, as the FERC is under no timeline to issue a decision.

Moving now to Page 8. FERC policy matters are important because transmission investment is going to play a critical role in our country's clean energy transition. As we have discussed before, MISO and other key stakeholders, including Ameren, have been carefully assessing the transmission needs in the MISO footprint to ensure the overall reliability and resiliency if the energy grid is maintained while companies execute their clean energy transition plans. Recently, MISO published several reports that outline some of the preliminary thoughts on MISO's transmission needs in the future.

This page summarizes a recent study that outlines a potential roadmap of transmission projects through 2039, taking into consideration the rapidly evolving generation mix that includes significant levels of renewable generation based on announced utility integrated resource plans, state mandates and goals for clean energy and carbon emission reductions, among other things. I would also note that MISO and the Southwest Power Pool are also working together to develop a similar evaluation of transmission needed to support the transition across both regions. The bottom line is that significant regional and local transmission investments will be needed for the clean energy transition over the next 10 to 20 years.

For example, under MISO's Future 1 scenario, which is the scenario that resulted in an approximate 60% carbon emission reduction below 2005 levels by 2039, MISO estimates future transmission investment could amount to an estimated \$30 billion in the MISO footprint. Further, Future 3 resulted in an approximate 80% reduction in carbon emission levels below 2005 levels by 2039. MISO has estimated Future 3 could result in an estimated \$100 billion of transmission investment in the MISO footprint.

To provide some context to this, during MISO's last regional transmission planning process, approximately \$6.5 billion of multi-value project investments were made over the last 10 years or so. In light of the continued focus on the clean energy transition in our country, we are actively working with MISO and other key stakeholders to move the assessment and project approval process along with an appropriate sense of urgency to ensure we maintain a safe, reliable and resilient energy grid, and do so in an affordable fashion.

Given our past success in executing large regional transmission projects, we believe we are well-positioned to plan and execute potential projects in the future for the benefit of our customers and country. We believe certain projects outlined in Future 1 will be included in this year's MISO transmission planning process which is scheduled to be completed in the fourth quarter of 2021. We look forward to working with MISO and key stakeholders on this important planning process.

Speaking of clean energy transitions, let's move now to Page 9 for an update on our \$1.1 billion wind generation investment plan to achieve compliance with Missouri's Renewable Energy Standard through the acquisition of 700 megawatts of new wind generation at two sites in Missouri. Ameren Missouri closed on the acquisition of its first wind energy center, a 400-megawatt project in Northeast Missouri, in December. In January, Ameren Missouri acquired its second wind generation project, the 300-megawatt Atchison Renewable Energy Center located in Northwest Missouri. Approximately half of the megawatts of the Atchison Renewable Energy Center are in service. We expect the remaining megawatts to be placed in service by September 30.

Turning now to Page 10, and an update on Ameren Missouri's Callaway Energy Center. During its return to full power, as part of its 24th refueling and maintenance outage in late December 2020, Callaway experienced a non-nuclear operating issue related to its generator. A thorough investigation of this matter was conducted and the decision was made to rewind the generator stator and rotor in order to safely and sustainably return the Energy Center to service. The project is going well, but we continue to expect the capital project to cost approximately \$65 million.

I am also pleased to report that the insurance claims for the capital project and replacement power have been accepted by our insurance carrier, which will mitigate the impacts of this outage for our customers. We expect the Callaway Energy Center to return to service in July. As we have said previously, we do not expect this matter to have a significant impact on Ameren's financial results.

Turning to Page 11, we are focused on delivering a sustainable energy future for our customers, communities and our country. This page summarizes our strong sustainability value proposition for environmental, social and governance matters, and it's consistent with our vision "Leading the Way to a Sustainable Energy Future". I have discussed several elements of our strong sustainability value proposition with you in the past; and so in the interest of time, I will not go through all of these points again this morning.

Having said that, and moving to Page 12, you should know that we have already made significant progress in our sustainability efforts in 2021. Here, we highlight several key achievements to date this year. Beginning with environmental stewardship, last September, Ameren announced its transformational plan to achieve net-zero carbon emissions by 2050 across all of our operations in Missouri and Illinois.

This plan includes strong interim carbon emission reduction targets of 50% and 85% below 2005 levels in 2030 and 2040 respectively. This plan is also at the heart of our updated Climate Risk Report, which is based on the recommendations of the Task Force on Climate-Related Financial Disclosures, which we issued last week. I am pleased to report, our plan is consistent with the objectives of the Paris Agreement and limiting global temperature rise to 1.5 degrees Celsius.

In terms of social impact, I am very excited to say that our efforts in this area continue to be recognized by leading organizations. Last week, DiversityInc announced Ameren is once again named number one on the Top Utilities list for diversity and inclusion, a list we have proudly been a part of since 2009. DiversityInc also ranked Ameren second on the top 10 regional countries, and as a top company for ESG among all industries. In addition, for the fifth year in a row, we've been certified by a Great Place to Work. Finally, we are recognized as a Best Place to Work for LGBTQ by the Human Rights Campaign.

Moving to governance, our Board and Management have established governance structures that enable a focus on the ESG matters that drive Ameren's strategy, mission and vision, including the addition of ESG metrics into our executive compensation programs. In particular, our Board of Directors refined our executive compensation program by adding workforce and supplier diversity metrics to our short-term incentive plan for 2021. In addition, we recently issued several social impact policies.

Since our call in February, we have also issued several reports reflecting our sustainability efforts and advances. Just last week, we posted our 2021 Sustainability Report, which expands on ESG and sustainability topics, and posted the 2020 ESG/Sustainability Template. For the first time, we published information using the Sustainability Accounting Standards Board reporting framework and mapped our business activities to the United Nations Sustainable Development Goals. I encourage you to take some time to read more about our strong sustainability value proposition. You can find all of our ESG-related reports at amereninvestors.com.

Turning now to Page 13, environmental stewardship, social impact and governance are three pillars of our strong sustainability value proposition. Our final pillar is sustainable growth. Looking ahead, we have a strong, sustainable growth proposition, which will be driven by a robust pipeline of investment opportunities of over \$40 billion over the next decade that will deliver significant value to all of our stakeholders by making our energy grid stronger, smarter and cleaner.

Importantly, these investment opportunities exclude any new regionally beneficial transmission projects that I described earlier, all of which would increase the reliability and resiliency of the energy grid, as well

as enable additional renewable generation projects. In addition, we expect to see greater focus, from a policy perspective, on infrastructure investments to support the electrification of the transportation sector. Our outlook through 2030 does not include significant infrastructure investments for electrification at this time either. Of course, our investment opportunities will not only create a stronger and cleaner energy grid to meet our customers' needs and exceed their expectations, but they will also create thousands of jobs for our local economies.

Maintaining constructive energy policies that support robust investment in energy infrastructure and a transition to a cleaner future in a safe, reliable and affordable fashion will be critical to meeting our country's future energy needs and delivering on our customers' expectations.

Moving to Page 14, to sum up our value proposition, we remain firmly convinced that the execution of our strategy in 2021 and beyond will deliver superior value to our customers, shareholders and the environment. In February, we issued our five-year growth plan, which included our expectation of a 6% to 8% compound annual earnings growth rate from 2021 through 2025. This earnings growth is primarily driven by strong rate base growth and compares very favorably with our regulated utility peers. Importantly, our five-year earnings and rate base growth projections do not include 1,200 megawatts of incremental renewable investment opportunities outlined in Ameren Missouri's Integrated Resource Plan.

Our team continues to assess several renewable generation proposals from developers. We expect to file this year with the Missouri PSC for Certificate of Convenience and Necessity for a portion of these planned renewable investments. I am confident in our ability to execute our investment plans and strategies across all four of our business segments, as we have an experienced and dedicated team to get it done.

That fact, coupled with our sustained past execution of our strategy on many fronts, has positioned us well for future success. Further, our shares continue to offer investors a solid dividend, which we expect to grow in line with our long-term earnings per share growth guidance. Simply put, we believe our strong earnings and dividend growth outlook, results in a very attractive total return opportunity for shareholders.

Again, thank you all for joining us today, and I will now turn the call over to Michael.

Michael Moehn

Thanks, Warner, and good morning, everyone.

Turning now to Page 16 of our presentation, yesterday we reported first quarter of \$0.91 per share compared to \$0.59 per share for the year-ago quarter. Earnings at Ameren Missouri, our largest segment, increased \$0.32 per share due to several favorable factors. The earnings comparison reflected new electric service rates effective April 1, 2020, which increased earnings by \$0.10 per share. In addition, earnings benefited from lower operations and maintenance expenses, which increased earnings \$0.07 per share. This was primarily driven by the absence of unfavorable market returns that occurred in 2020 on the cash surrender value of our company-owned life insurance, as well as disciplined cost management. Earnings also benefited by approximately \$0.04 per share from higher electric retail sales, driven by near-normal winter temperatures compared to milder than normal winter temperatures in the year-ago period.

We've included on this page the year-over-year weather-normalized sales variances for the quarter that show total sales to be comparable with Q1 2020, which was largely unaffected by COVID-19. We continue to see improvements in sales as schools and businesses reopen and begin to increase their levels of operation.

Earnings were positively impacted by the timing of income tax expense, which we do not expect to impact full-year results, as well as the absence of charitable donations that were made pursuant to the Missouri Rate Review settlement in March 2020.

Finally, these favorable factors were partially offset by the amortization of deferred expenses related to the fall 2020 Callaway Energy Center scheduled refueling and maintenance outage.

Moving to other segments, earnings for Ameren Illinois Natural Gas were up \$0.08, reflecting higher delivery service rates that were effective January 25, 2021, incorporating a change in rate design, as well as the increased infrastructure investments and a lower allowed ROE. The first quarter 2021 benefit from the change in rate design is not expected to impact full-year results.

Ameren Illinois Electric Distribution earnings increased \$0.03 per share, which reflected increased infrastructure investments and a higher allowed ROE under performance-based ratemaking of approximately 8.15%, compared to 7.45% for the year-ago quarter.

Ameren Transmission earnings were comparable year-over-year, which reflected increased infrastructure investments that were offset by an unfavorable \$0.03 impact of a March 2021 FERC order. This order related to an intervenor challenge regarding the historical recoveries of material and supplies inventories in rates, and will have no impact on the current formula rate calculation prospectively.

Finally, Ameren Parent and Other results were down \$0.01 per share compared to the first quarter of 2020, due to increased interest expense resulting from higher long-term debt outstanding, offset by the timing of income tax expense, which is not expected to impact full-year results.

Finally, 2021 earnings per share reflected higher weighted average shares outstanding.

Before moving on, I'll touch on the sales trends for Ameren Illinois Electric Distribution in the quarter. Weather-normalized kilowatt hour sales to Illinois residential customers increased 1.5%, and weather-normalized kilowatt hour sales to Illinois commercial and industrial customers decreased 1.5% and 2.5% respectively. Recall that changes in electric sales in Illinois, no matter the cause, do not affect our earnings since we have full revenue decoupling.

Turning to Page 17, I would now like to briefly touch on key drivers impacting our 2021 earnings guidance. We're off to a strong start in 2021, and as Warner stated, we continue to expect 2021 diluted earnings to be in the range of \$3.65 to \$3.85 per share.

Select earnings considerations for the balance of the year are listed on this page, and are supplemental to the key drivers and assumptions discussed on our earnings call in February. I'll note that our second quarter earnings comparison will be negatively impacted due to a seasonal rate design change effective for 2021 at Ameren Missouri as part of the March 2020 electric rate order. This order called for winter rates in May and summer rates in September, rather than the blended rates used in both months in 2020.

The second quarter results will also be negatively impacted by the absence of the impact of the 2020 FERC order approving the MISO allowed base ROE at Ameren Transmission. Together, these two items are expected to reduce second quarter earnings by approximately \$0.25 year-over-year. I encourage you to take those into consideration as you develop your expectations for our second quarter earnings results.

Turning now to Page 18, here we outline in more detail our recently filed Missouri Electric rate review that Warner mentioned earlier. This reflects many benefits, including major upgrades to the electric system reliability and resiliency for customers, as well as investments to support the transition to cleaner energy for the benefit of customers and local communities.

Now, let me take a moment to go through the details of this filing. The request includes a 9.9% return on equity, a 51.9% equity ratio, and a September 30, 2021 estimated rate base of \$10 billion. This includes a test year ended December 31, 2020 with certain pro forma adjustments through September 30, 2021. The request includes a continuation of the existing FAC and other regulatory mechanisms, along with a request to recover certain costs associated with the Meramec Energy Center, which is expected to retire in 2022 over a five-year period from the date that the new rates become effective.

As outlined on this page, the key drivers of our \$299 million annual rate increase include: increased infrastructure investments made under Ameren Missouri's Smart Energy Plan; impact of the transition to a cleaner generation portfolio; decreased weather-normalized customer sales volumes; and a higher pension, OPEB and tax amortization expenses, partially offset by lower operations and maintenance expenses.

Moving to Page 19 for an update on other Ameren Missouri regulatory matters. In March 2021, we also filed a natural gas rate review. The details for the \$9 million annual revenue increase request are outlined on this page. We expect Missouri PSC decisions in both our electric and natural gas rate reviews by February 2022, with new rates expected to be effective by March.

Further, last October, we filed requests with the Missouri PSC to track and defer, in a regulatory asset, certain COVID-related costs incurred, net of any COVID-related cost savings. In March 2021, the Missouri PSC approved this request: \$9 million of net costs were incurred through March 31, 2021. We recognized \$5 million in the first quarter of this year and expect the remaining portion, relating to late fees, to be recognized when realized in rates beginning in early 2022. The timing of the recovery of these costs will be determined as part of our pending electric and gas rate reviews.

Moving now to Page 20 for an update on Ameren Illinois regulatory matters. Last month, we made our required annual electric distribution performance-based rate update filing, requesting a \$64 million base rate increase. Under Illinois' performance-based ratemaking, Ameren Illinois is required to make 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. Since this constructive framework began, Ameren Illinois has made prudent investments to strengthen the grid and reduce outages and continues to do so.

Major investments included in the request are the installation of outage avoidance and detection technology, integration of storm-hardening equipment, adoption of clean energy technologies, and the implementation of new energy efficiency measures including mobile-enhanced communications and assessment capabilities for electric field workers. The ICC will review our request in the months ahead, with a decision expected in December of this year and new rates effective in January of next year.

Turning to Page 21 for a financing and liquidity update. We continue to feel very good about our liquidity and financial position. In February, Ameren Corporation issued \$450 million of 1.75% senior unsecured notes due in 2028. The proceeds were used for general corporate purposes, including to repay short-term debt. We also expect both Ameren Missouri and Ameren Illinois to issue long-term debt in 2021.

In addition, as we mentioned on the call in February, during the quarter, we physically settled the remaining shares under our forward equity sale agreement to generate approximately \$115 million. In order for us to maintain our credit ratings and a strong balance sheet while we fund our robust infrastructure plan, we expect to issue approximately \$150 million of additional common equity during the balance of 2021, which is consistent with the guidance we provided in February.

To that end, in May, we expect to establish an at-the-market, or ATM, equity program to support our equity needs through 2023. These future equity issuances will enable us to maintain a consolidated capital structure consisting of approximately 45% equity over time. The incremental natural gas and power purchases incurred due to the extreme cold in mid-February of this year did not have a significant impact on our liquidity or our ability to fund our future operations and investment. Ameren's available liquidity as of April 30 was approximately \$1.3 billion, which includes \$2.3 billion of combined credit facility capacity, net of approximately \$1 billion of commercial paper borrowings at the end of the month.

Finally, turning to Page 22, we're well-positioned to continue executing on our plan. We're off to a solid start and we expect to deliver strong earnings growth in 2021 as we continue to successfully execute our strategy. As we look to the longer term, we continue to expect strong earnings per share growth driven by robust rate base growth and disciplined cost management. Further, we believe this growth will compare favorably with the growth of our regulated utility peers, and Ameren shares continue to offer investors an attractive dividend. In total, we have an attractive total shareholder return story that compares very favorably to our peers.

That concludes our prepared remarks. We now invite your questions.

Operator

Thank you. Our first question comes from Jeremy Tonet with JPMorgan. Please proceed with your question.

Jeremy Tonet

Hi, good morning.

Warner Baxter

Good morning, Jeremy, how are you doing?

Jeremy Tonet

Good, good, thank you. Thanks for all the color today, very helpful.

Maybe just starting off with regards to the Illinois legislative session here, do you have any sense for the relative priority of utility issues within the overall clean energy legislation discussions, and do you see any potential for a grand bargain here to be reached on energy?

Warner Baxter

Yes, thanks, Jeremy.

A couple things there; one, I do think clean energy legislation is a focus for the legislature. I think, just by the fact that you see so many bills that are being discussed out there, and rightfully so. The clean energy transition is obviously very important, not just for Illinois but across the country. Certainly, as I said in my prepared remarks, there's no doubt that there are several bills that are being considered. Whether there's a grand bargain if you will, or whether these bills were put together, look, it's just too early to say.

The only thing I can say is this, is that we are at the table with key stakeholders trying to find a solution and to advocate for the Downstate Clean Energy Affordability Act, because, as you heard me say many times, that Act, those provisions, our performance-based ratemaking approach has really delivered significant benefits for our customers in the entire State of Illinois. We have until the end of the month to try and get something across the finish line.

Richard Mark and his team have been working tirelessly at that and I will say their tireless work and the work that we've been doing for many years has already elicited strong bipartisan support. We're hopeful to get the proper provisions and a final piece of legislation.

Jeremy Tonet

Got it, that's very helpful, thanks.

Warner Baxter

Sure.

Jeremy Tonet

Maybe pivoting over to transmission, it seems like an exciting time for transmission if you will. Do you have any sense of the magnitude of specific projects that could be identified by MISO before year end or the not too-distant future, and what do you see separately as the potential for large-scale HVDC transmission opportunities outside or beyond the MISO process?

Then finally, I guess with transmission, trying to scale the opportunity set here, I was wondering if you could help us think through roughly how much Capex did Ameren deploy over the years where MISO brought renewable penetration from very little to the high level that it is today? Is there any rules—any kind of measures we can think of, like \$10 billion to accommodate 10%, just trying to scale the opportunity set here.

Warner Baxter

Jeremy, lots to unpack here. Let me see, I'll try to respond to those things, and Michael and Andrew will help me if I haven't hit a point, but certainly I'll come back on. Let me answer your last question perhaps first. As I said in my prepared remarks, there was about \$6.5 billion of regional transmission projects that really were deployed across the MISO footprint over the last decade, if you will. We did about \$2 billion of that. That doesn't mean—that was a different time, different place, but obviously, we did 25%, 30% almost of those. It's because of our location in the MISO footprint, so that's number one.

Two, what you said at the outset, I agree with. It is a very exciting time to be in the transmission business, and especially one in the MISO footprint, when you're sitting in the center of the country. What MISO does with its transmission is integral to the clean energy transition for our country. What you're seeing today, obviously, is a preliminary list of projects that were informed, certainly, by stakeholder conversations, as well as Integrated Resource Plans and state energy policies, among many other things.

It's hard to say just exactly what will ultimately come out of, let's just call it the transmission plan that will be filed later this year. The way we look at it, we look at that Future 1 which we showed on that slide, we think that there are a lot of projects contained in that that we think are really kind of no regrets types of projects. It's premature to put a number on it and which projects to go, because what MISO does now is now that they've put out this roadmap, they are basically looking for input from stakeholders.

You can expect, throughout 2021, stakeholders will be providing input into that roadmap, and with that input, MISO will ultimately prepare their long-range plan—their MTEP is what they call it. We expect that to be filed in the fourth quarter. Ultimately, that process from there, Jeremy, is then there's some more input. But ultimately, the MTEP is put before the MISO Board of Directors for a vote and hopefully approval by the end of the year.

It's not too far away, but that Future 1 is, I would say, the first step. But then as you look beyond that, as we've said, in Future 3, obviously those investments continue to grow over time. As we said, they range from \$30 billion to \$100 billion; those are MISO's preliminary estimates that will continue to be refined. Hopefully that gives you some of the sense. I'm not sure if that addressed all of your questions in there, but I think I got them all there.

Jeremy Tonet

I think that's very helpful, but maybe just a follow-up: anything on that HVDC front where Ameren might have a bit more leverage?

Warner Baxter

It's a little premature to say that. These are things we look at. Obviously, there's some opportunities that we're looking at even in connection with that Missouri Integrated Resource Plan, so a little early to be making those kind of judgment calls, but stay tuned.

Jeremy Tonet

Got it. If I could just do one quick last one as far as, what's coming out of the Biden Infrastructure Plan? Early stages here, but is there anything that you're focused on and do you see investment upside or benefits from lower ratepayer costs or anything else that could really get things moving with the transmission, permitting, planning process here?

Warner Baxter

Sure. Well, I will say one thing that we are encouraged by, in terms of what the Biden Administration has done. Number one, they're very focused on providing significant funding for new clean energy technologies, which we think is going to be so important for our industry, for our country, to get to a net-zero carbon future by 2050, which is certainly our goal.

I think the other thing that you're seeing is, Senator Biden put out a bill that really had some, I think, some very good incentives to invest in clean energy technologies. Those incentives range from tax credits, they range from tax normalization policies to give opt-out provisions. They include cash credits, also for transmission. We look at the provisions of that bill, and I won't go through all of the details here. That bill will really have a direct impact on the overall cost to our customers, and so we're obviously very encouraged and enthused about that.

A lot going on in Washington, D.C. We are at the table working with stakeholders and we are hopeful that we'll continue to see progress and incentives for clean energy technologies here in the next several months.

Jeremy Tonet

Great, that's all super helpful. I'll stop there. Thank you.

Warner Baxter

All right, thanks, Jeremy. Have a good day.

Jeremy Tonet

You too.

Operator

Our next question is from Shar Pourreza with Guggenheim Partners. Please proceed with your question.

Warner Baxter

Good morning, Shar, how are you doing?

Shar Pourreza

Good morning, guys. Good morning, Warner, how are you doing?

Warner Baxter

I'm good, man.

Shar Pourreza

Good, excellent. Just a quick follow-up on Illinois. If something doesn't pass in the next couple of weeks, Warner, do you sort of intend to push, over the summer—what are your thoughts on getting something done during the veto session? I know there's obviously a lot of competing interests, there's a lot of bills, you highlighted, some of them are outside of energy. There's new legislators and politicians. There's also a question mark with many, if energy's even a priority right now. Just trying to get a bit of a sense, if something doesn't get done in two weeks, how do we sort of price this in their veto session?

Warner Baxter

Sure. Shar, one of the things that you talk about, veto session in Illinois—and Illinois is a bit unique perhaps compared to other states, whereby the veto session isn't really just there to address bills that have been vetoed, but also can address bills that have been presented during the regular session. To be clear, I'll say this first, we are very focused on trying to get something across the finish line for the benefit of our customers and the State of Illinois and energy policy here by May 31.

But your question is, what if it doesn't happen in the next several weeks? Well, then it could be brought up in the veto session. And our approach will be very much what we have been doing. We do strongly advocate for the Downstate Clean Energy Affordability Act, and the reason why we'll continue to advocate for it is because it has strong bipartisan support. We have House Bills and Senate Bills with strong bipartisan support, as well as supporters from the North and the South part of the state. We're going to continue to push for that because we strongly believe it's the best policy going forward for the State of Illinois. It isn't just because we believe it, it's because it's been delivering results for almost a decade now; so that's why we're going to continue to advocate for it.

I do think, people say, "Well, it's a priority", I will tell you, there are a lot of conversations going on in the State of Illinois around energy policy, so I know they have other priorities that they have to balance, but I do believe energy policy is one of them.

Shar Pourreza

Got it, terrific, that's helpful, Warner. Just lastly shifting maybe South, obviously it's not a major priority for you guys or essential to the growth plan that obviously you're re-highlighting today, but any thoughts on securitization legislation as it makes its way through the Chambers, any sort of expectations you can provide as we get to the home stretch?

Warner Baxter

You bet. Well, we are in the home stretch in the State of Missouri at the end of this week, and Marty Lyons and his team have been working hard on that and they've provided some perspectives.

But Marty, you've been in the middle of that, I'm just going to turn it over to you and maybe give the latest update if you don't mind.

Martin Lyons Jr.

Sure, Warner. You're absolutely right. Securitization isn't something that we see as required to be able to carry out our Integrated Resource Plan, but we do think it would be a good tool to have in the toolbox with the Commission, especially as crafted in Missouri. You're right, there have been versions going through the House and the Senate. They're very, very similar at this point.

Last night, actually, the Senate passed the House Securitization Bill, which is HB 734, and they did make some slight modifications to that, so now that goes back to the House, to the Fiscal Review Committee, and we'll see whether that can be then voted on in the House. We may see, actually, some action as early as today.

But in any event, what has to happen over the remainder of the week is that the language needs to get conformed between the two, the Senate Bill and the House Bill. Like I said, they're very, very similar at this point, and ultimately it needs to be passed by the end of the week. As Warner indicated, the legislative session ends on May 14, this Friday afternoon. In any event, we're very close; can't predict whether it'll actually get done, but it's really positioned pretty well for success, so we'll keep our fingers crossed for the remainder of this week.

Shar Pourreza

Marty, just assuming you get securitization, obviously this is—the message is you don't need it for the IRP, but curious, if you get securitization, is there an acceleration of the plan under the IRP, or any opportunities to potentially accelerate the plan?

Martin Lyons Jr.

No, there's really no change to the Integrated Resource Plan. When we filed that last September, we filed it believing that it was the most affordable process and most reliable process for transitioning our fleet over time, so we stand by the Integrated Resource Plan that we filed. Of course, we've been getting comments on that. We expect that, ultimately, the Commission will rule on whether that process that we went through was appropriate; we certainly believe it was.

It would only be through consideration of changes that might occur over time that would cause us to modify the IRP. We still believe that the preferred plan that we filed is the appropriate path. If securitization passes, there would not be any immediate impact on the Integrated Resource Plan, though like I said, conditions change through times, and we did believe having securitization in the toolkit of the Commission would be a good thing to have.

Shar Pourreza

Terrific, thank you, guys. I'll pass it to someone else. Congrats.

Warner Baxter

Thanks, Shar. Appreciate it.

Operator

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

Julien Dumoulin-Smith

Hi, good morning to you, thanks for taking the time.

Good, quite well, thank you. You guys have a lot on your plate, and congrats on continued success in de-risking.

Warner Baxter

You bet.

Julien Dumoulin-Smith

I would say, I mean, Warner, you made some interesting comments on transmission earlier. I would ask, obviously Future 1, 2 and 3 have big numbers, long timelines, and you've already tried to piece them apart, but how would you characterize this current MTEP as best you see it coming together against some of those bigger projects? How much would you be expecting here, right, if you want to just sort of start to set expectations initially here—considering that, obviously, these things have long fuses.

Warner Baxter

Yes, Julien, a couple comments there. It is really premature to really say exactly which of those projects will ultimately show up in the MTEP. MISO did a fine job of putting together this long-range plan which gives us, collectively, an opportunity to weigh in on it and to try and keep, really, a finger on the pulse of all the things that are going on around the country, not just in the states, but around the country.

It just is too premature, but I will say this, that we as well as MISO and other stakeholders, there's a sense of urgency to address these matters, because we see the clean energy transition coming and we know that transmission is critical to its success.

Consequently, there is a significant amount of interest, a significant amount of work being done, so we're not too far away from really hearing what that's going to be. The fourth quarter, for all practical purposes, is right around the corner. As you know, some of these projects, as you said, they take time to plan, get approval and ultimately to execute.

Again, as we see these, and I've said this in the past, this study is really consistent with what we've been talking about for the last several years. We see significant transmission opportunities. And should they come in the form of this MTEP or otherwise, we think they're probably, if there are any, they'll come towards the back end of our five-year current capital expenditure plan. But especially in the second half of this decade, you'll see some of these transmission projects really come to fruition, and as I said before, we're well-positioned.

We're well-positioned to execute on many of those projects, so we're looking forward to it.

Julien Dumoulin-Smith

Got it, excellent. Sorry to follow-up on legislation very narrowly here. How do you see the potential of moving to June versus end of May? I know there's some latitude you mentioned there. Then also, more importantly, the contrast of a grand bargain would be potentially carving out this issue and to sunset a question on the utility front separately from anything bigger. Is that achievable in your mind, or does this need to be a bigger deal, as far as you're concerned?

Michael Moehn

Hi, Julien, Michael here.

I'm not sure we caught your whole question. You're talking about moving from outside of the May 31, ending the session into June, so it's like a special session?

Julien Dumoulin-Smith

Yes, yes, exactly. That was my specific question.

Warner Baxter

Sorry, it was a little faint.

Look, like everything else, we certainly can't predict whether there would be a special session of sorts in the Illinois legislature. As I said before, we're focused on the Spring session, ending May 31 and should that not bear fruit, we'll see what the next steps are, and we talked a little bit earlier about the veto session, so premature to speculate whether a special session would be called.

Julien Dumoulin-Smith

Fair enough, but you don't need to necessarily get this grand deal to get this sunset addressed.

Warner Baxter

No, I'm sorry, thank you.

No, at the end of the day, so just to be clear, this expires in 2022, so this is not a piece of legislation that has to be done this year. It expires in 2022, and let's not forget that the overall regulatory framework that we have, which would go to, there's some things in there that are solid. It has a forward test year, it has decoupling, bad debt riders and all these other things, and return on equity that would be done in the normal course of return on equity setting by the Illinois Commerce Commission.

Bottom line is this: we strongly believe that the Downstate Clean Energy Affordability Act and all the provisions in there are clearly in the best interest of our customers in the State of Illinois. We're going to continue to advocate for that. But it doesn't have to be done here in the next week or the veto session. But having said that, we think having that certainty and sustainability is the right way to go. That's why we're pushing for it.

Julien Dumoulin-Smith

Excellent, thank you guys.

Warner Baxter

Thanks, Julien.

Operator

Our next question comes from Durgesh Chopra with Evercore ISI. Please proceed with your question.

Durgesh Chopra

Hi, good morning, team, great quarter, thank you for taking my question.

Warner Baxter

Thanks, Durgesh.

Durgesh Chopra

Thank you.

Michael, a quick clarification on the equity. In Q4, you guys said \$300 million a year through 2025. The ATM goes through 2023. Is still \$300 million per year a good sort of number to model through 2025?

Michael Moehn

Yes, I appreciate the question. Yes, if you go back to February, the same metrics that we gave, we're doing \$150 million here in 2021, and then \$300 million in 2022 through 2025. All of those assumptions still stand today, and this ATM's going to allow us to execute against that.

Durgesh Chopra

Understood, thank you. Then maybe just, I want to get into a little bit of detail on the Missouri securitization. Clearly, you're saying it doesn't impact your IRP. Could your assets be at risk? I'm thinking about early retirement of coal plants, capacity factors of your generation assets, and whether the legislation now sort of accelerates the recovery of coal plants and impacts your rate base growth profile? Any color there would be great. Thank you, Warner.

Warner Baxter

Yes, thanks, Durgesh. I'll have Marty weigh in in a moment.

As we've said before, we're very fortunate. We have a strong baseload coal fleet that runs, that runs a lot, and it's because of some of the actions and things we've done, really, over the past several years, decades frankly. We laid out our Integrated Resource Plan and you see that, systematically, we are retiring our coal-fired energy centers over time. It's because, number one, we think it's in the best interest of our customers from a reliability and affordability perspective.

As Marty said, we don't see that changing; but conditions could change, whether it's at a state level or a federal level. Securitization is not going to drive us to do anything different, other than add some changes that may happen, as I said, from a policy perspective or otherwise, but it is a good tool to have in our toolbox, should those changes occur. Our coal plants are valuable assets to us today; over time, we will retire them, but we don't see any near-term changes to how we plan on operating or, certainly, risks to those assets.

Marty, would you have anything to add to that?

Martin Lyons Jr.

Well, first, I firmly agree with everything that you conveyed. When you look at the Integrated Resource Plan that we filed, we've got four coal-fired energy centers. As Warner said, we've got very efficient coal plants. They operate very well.

With that said, in our Integrated Resource Plan, we did lay out that we're retiring our Meramec facility here in 2022. We expect that that will be fully recovered at that point in time. We did propose the accelerated closure of both the Sioux and the Rush Island plants; Sioux by about five years and Rush Island by about six years. Sioux would close in 2028, Rush Island in 2039, and then Labadie, which is our largest plant and most efficient plant, would close in two stages in 2036 and 2042.

Again, we've accelerated the expected closure of two of our plants, and those accelerations and the recovery of those are actually reflected in the rate review filing that we made here in March, so we're looking to accelerate the recovery of those plants. Then of course, the rates are also positively impacted by the expectation of Meramec closing. Those things are reflected there; that's historically the way we've handled things in Missouri.

Again, as Warner said, when we filed the IRP, we made a host of assumptions; conditions can change and vary from the assumptions that we made through time, for a variety of reasons. As I said before, securitization's not going to change the Integrated Resource Plan, preferred plan, that we have today; but if conditions change versus the assumptions we've made, through time, again, securitization will be a good tool to have in the toolbox.

Durgesh Chopra

Understood, appreciate the color. It sounds like it's more of an opportunity than a risk for you guys. Thanks for taking my questions.

Warner Baxter

You bet, thank you.

Operator

Our next question comes from Stephen Byrd with Morgan Stanley. Please proceed with your question.

Warner Baxter

Good morning, Stephen, how are you doing?

Stephen Byrd

Doing great, doing great, thanks so much for your time.

A lot has been covered in Q&A. I guess I was stepping back and thinking about kind of key areas of growth upside for you all, over—I mean, you have a very impressive growth plan as it is. But just thinking especially about incremental renewables, elements of your IRP, but just other dynamics, and just wanted to step way back and think about those kind of key categories of additional growth upside, and wondered if you could just comment on that.

Warner Baxter

You bet. I think there are a couple of them—more than a couple; frankly, there are several. One we talked quite a bit about already today, and that's transmission. As you know, we present investment opportunities through 2030 of \$40 billion-plus of investment opportunities, and one of the reasons we put that plus there is because of transmission. That \$40 billion number that we have investment opportunities does not include any of the regional transmission projects that we spend quite a bit of time talking about already. Stephen, that would be, certainly, one meaningful upside to our investment profile that we have prospectively.

A second one and another one that we've talked about, and again, I've mentioned this a little bit earlier, is electrification and the infrastructure that has to go for the greater electrification, especially of the transportation sector in our country. Our long-term plan has really no meaningful investments associated with the electrification of the transportation sector. As you listen to the policymakers discuss the needs for a cleaner energy transition in this country and lower carbon emissions, well the transportation sector is the greatest carbon emitter in our country today, so you've heard, certainly, the automakers and others continue to lean further in; well, we're going to lean further in too, and we have been. I think that too is a significant opportunity.

But I'll tell you, just to be clear. We're not done with all of our investments in grid modernization. We need to continue to make investments in the grid, both in Missouri and Illinois, to make sure that the grid continues to be reliable and resilient. As we look at those investment opportunities, which could also include greater levels of renewable energy over time, we have quite a bit in there; but times, as we've said, could change if policies change. Those two can be investment opportunities.

Now, I didn't put a specific number on those, but they're sizable. They are sizable, and so we see our robust infrastructure plan that we have already today continuing for some time.

Stephen Byrd

Really helpful. Then maybe just one additional question on transmission. A lot of questions already on this, but thinking about FERC and FERC has their objective to eliminate barriers to executing on transmission. How do you see that factoring into the existing RTO processes? Is that more of just a long-term objective of FERC, or could that yield particular impacts to the outlook for transmission growth?

Warner Baxter

Yes, thanks, Stephen.

I would say it's a bit too early to say to what extent FERC will get more engaged in the RTO processes, which have obviously been very well-defined over the years. Whether FERC will engage in that, it's just premature to say.

What I will say is that, certainly, the clean energy transition and the importance of policies to support that clean energy transition are important issues for we, certainly, as transmission owners but also for FERC. I think Chairman Glick and the commissioners there recognize that, and I think you're going to continue to see greater levels of attention and focus at FERC on things that they can do to accelerate safe, reliable and affordable transmission build around the country.

Stephen Byrd

Very good, that's all I had. Thanks so much.

Warner Baxter

Thanks, Stephen, take care.

Operator

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

Paul Patterson

Hi, good morning.

Warner Baxter

Hi, Paul, how are you?

Paul Patterson

All right, good, I'm well.

A quick technical question for Marty. The Missouri securitization bill, it sounded to me, and I've been following it, that the House version that's been amended in the Senate and now is in the House Committee. If it passes out of the House without any changes, does it go straight to the Governor? It was a little confusing to me, or would there have to be some changes—does it have to go back to the Senate? Assuming there's no changes made in the House.

Marty Lyons

Yes, if there are no changes made in the House, then it'll go to the Governor. If the Senate voted it out last night and the House makes no changes and votes it out, then it'll be done and off to the Governor.

Paul Patterson

Okay, that would be nice. Then, with respect to the Illinois legislation, and I know this doesn't pertain specifically to you guys but is sort of an element, I think, potentially, is the PJM auction.

Do you think that's going to play any role in the timing here, because as you know that's coming up a little bit sooner than the—at least it's beginning a little sooner than the end of the month.

Warner Baxter

Yes. Hi, Paul, this is Warner.

I simply can't predict that; I really don't know. Obviously, you're right, it's not something that's directly correlated to us, but obviously we keep an eye on all things that could have an impact, so it wouldn't be appropriate for me to comment on that.

Paul Patterson

Okay, I'll leave that one alone, the crystal ball question.

Just moving on very quickly on the MISO issue and the ROE means you're being part of an RTO, if FERC takes action that you perceive to be negative with respect to the transmission ROE and being part of an RTO, is there anything we should think as being potentially an outcome from that that you guys might take? Or how should we—I mean, I just noticed you guys bringing that up in the slide presentation and I just wanted to—I'm just wondering, are you guys—is there any... How should we think about it if they do reverse this 50 basis points or take other action to lower the ROE?

Warner Baxter

The reason we bring it up, certainly, in our prepared remarks is because we believe that the potential direction that FERC is taking is inconsistent with FERC policy. We think it is inconsistent with the intention of the law. We think right now is the time where FERC should be doing everything it can to incent companies to join and remain in RTOs. We bring that up simply because of that, and certainly we think that the 50 basis point adder is just absolutely positively appropriate for us to have, because we've given them control of our system.

I think that's in the first instance. We're not trying to be any more specific than that. We are going to work very hard here between now and the end of the month and put together our comments, like others in the industry, to state our position very clearly to FERC.

Paul Patterson

Okay, cool. Thanks so much. Have a great one.

Warner Baxter

You bet.

Operator

Our next question comes from Insoo Kim with Goldman Sachs. Please proceed with your question.

Warner Baxter

Hello, Insoo, how are you?

Insoo Kim

Good. Hi, Warner.

Just one question from me and just wanted your update on the latest on the clean air litigation. You know, regarding the Rush Island plant and I think Labadie as well. I think you're expecting a ruling from the appeal court sometime this year; is that still your expectation? I guess depending on what comes out of that, if it goes against you on the appeals side, how do you think about the next step as it relates to the timing of potential Capex or just the state of these plans?

Warner Baxter

Sure, sure. A couple things, just to refresh everyone's memory. Oral argument was held in December of last year, and so that case, and the New Source Review case is simply before the appellant court. We said we expected a decision this year, but I'll tell you that the appellant court has no timeline in terms of when they must issue a decision; but we would think, in the normal course, we would expect to see something this year, so we simply don't know.

Look, if the question is whether we get an unfavorable ruling, I'll start with this. We believe we presented a very strong case to the courts in this matter in December. And should they ultimately rule against us, we'll step back and assess what actions we need to take at that time. Insoo, it'd be really premature to speculate on what actions we would take and what impact it might have on our overall plan. If and when we come to that, we'll address that in due course, so stay tuned, is probably the best message here.

Insoo Kim

Got it. I guess in terms of—in relation to the current securitization bill, perhaps do you think that could provide one avenue that could help you navigate through this matter?

Warner Baxter

Certainly, as Marty stated before, securitization's a tool for several things, whether it would be something that would apply here, we'll just have to wait and see. But first things first; we're focused on winning that case before the appellant court, and then continuing to execute the plan that we laid out before the Missouri Public Service Commission in our Integrated Resource Plan.

Insoo Kim

Understood. Thank you so much.

Warner Baxter

Thanks, Insoo.

Operator

We have reached the end of the question-and-answer session. At this time, I would like to turn the call back over to Andrew Kirk 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. Financial analysts' inquiries should be directed to me, Andrew Kirk. Media should call Tony Paraino.

Again, thank you for your interest in Ameren, and 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.