

Ameren Corporation NYSE:AEE

FQ4 2024 Earnings Call Transcripts

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S&P Global Market Intelligence Estimates

	-FQ4 2024-			-FQ1 2025-	-FY 2024-			-FY 2025-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	0.78	0.77	▼ (1.28 %)	1.06	4.63	4.63	● 0.00	4.94
Revenue (mm)	1864.24	1941.00	▲ 4.12	1899.31	7674.88	7623.00	▼ (0.68 %)	8288.49

Currency: USD
Consensus as of Feb-14-2025 3:09 AM GMT

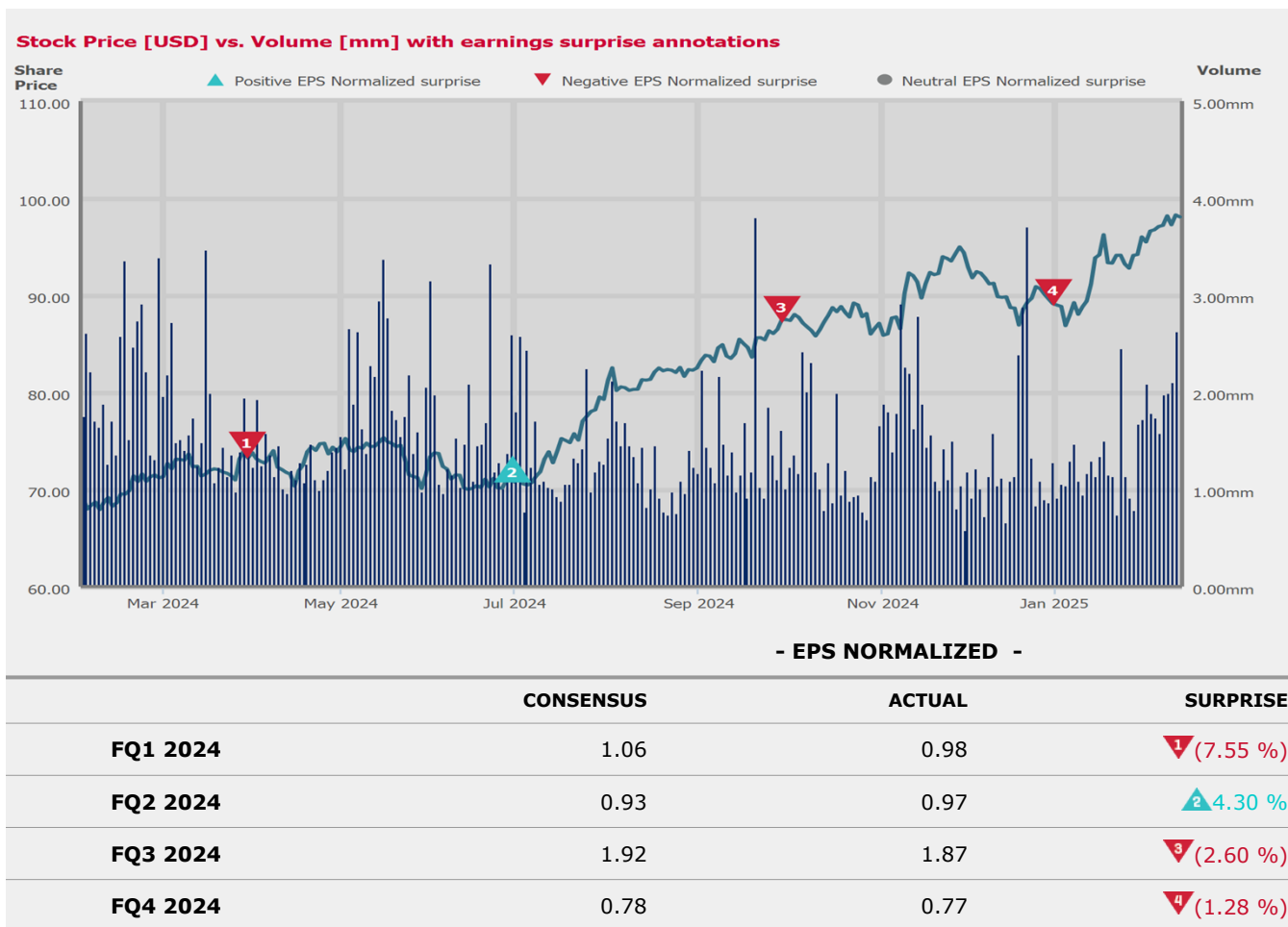


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Call Participants

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Presentation

Operator

Greetings, and welcome to Ameren Corporation Fourth Quarter 2024 Earnings Conference Call. [Operator Instructions] As a reminder, this conference is being recorded.

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

Andrew Kirk

Senior Director of Investor Relations & Corporate Modeling

Thank you, and good morning. On the call with me today are Marty Lyons, our Chairman, President and Chief Executive Officer; and Michael Moehn, our Senior Executive Vice President and Chief Financial Officer; as well as other members of the Ameren management team.

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. 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 about future expectations, plans, projections, financial performance and similar matters, which are commonly referred to as forward-looking statements. Please refer to the forward-looking statements section in the news release we issued yesterday as well as our SEC filings for more information about the various factors that could cause actual results to differ materially from those anticipated.

Now here's Marty.

Martin J. Lyons

President, CEO & Chairman of the Board

Thanks, Andrew. Good morning, everyone, and thank you for joining us. This morning, we will discuss 2024 financial results, recap events and accomplishments and look ahead to 2025 and beyond. What you'll hear is that the Ameren team's collective efforts produced strong results operationally and financially in 2024. And just as important, the team accomplished strategic goals that position our company to provide higher levels of satisfaction for our customers and strong returns for our shareholders in the years ahead.

In 2025, we are again set up to deliver strong results but also to take meaningful steps towards enabling our communities to benefit from significant economic development opportunities. Those opportunities offer direct investment in our states, bringing jobs and incremental tax revenue. And for Ameren, as we discuss our plans today, it means sales growth and the need to accelerate capital investments to meet the energy needs driven by that industrial demand.

Starting on Page 4. We continue to be guided by our 3-pillar strategy: to invest in rate-regulated infrastructure; to enhance regulatory frameworks and advocate for responsible energy policy; and to optimize our operating performance. This strategy has served us well for the last decade, and we will remain focused on solid execution year in and year out to maximize value for our customers, communities and shareholders.

With that, let me summarize our 2024 performance on Page 5. I'm pleased to say that we accomplished all our key business objectives outlined at this time last year and on this page. Importantly, we strategically invested approximately \$4.3 billion in energy infrastructure, secured timely regulatory approvals for future investment and prudently managed our operating costs while delivering reliable energy service. And yesterday, we announced 2024 adjusted earnings of \$4.63 per share compared to earnings of \$4.38 per share in 2023. This result was above our 2024 adjusted earnings guidance midpoint.

Turning to Page 6, which highlights the benefits of the investments we are making for our customers. The successful execution of our strategy continues to drive improved reliability and strong customer service, while keeping customer rates low in comparison to the national and Midwest averages. Further, our ongoing infrastructure investments improved grid resilience as demonstrated by the performance of our system during severe winter storms in early January of this year.

Despite challenging conditions, our grid improvements prevented over 3.5 million minutes of potential outage time across our service territories in Missouri and Illinois. Importantly, we had no issues on the more than 250 miles of power lines that have already been updated through Ameren Missouri's Smart Energy Plan.

On Page 7, we summarize our strong performance for shareholders over time. Our goal, like we said in the past, is to deliver at the midpoint or higher within our earnings guidance range. Our weather-normalized adjusted earnings per share have risen at an approximate 7.6% compound annual growth rate since 2013, while our annual dividends paid per share have increased approximately 68%. This has driven a strong total return of nearly 250% for our shareholders over the same period, which was significantly above utility index averages.

Moving to Page 8. As we look to the opportunities ahead, in 2025, our focus will be on continuing to provide safe, reliable service to our customers at competitive rates, while bringing additional growth opportunities to our states. We'll do this, first and foremost, by investing approximately \$4.2 billion in electric, natural gas and transmission infrastructure to bolster the safety, security, reliability and responsiveness of the energy grid.

Further, we're focused on enhancing our generation plans to meet customers' needs, achieving constructive regulatory outcomes and advocating for policies that enhance reliability and resource adequacy as well as attracting new businesses to our communities. As always, while we work to accomplish these objectives, we will remain focused on operating as efficiently and effectively as possible.

Moving to Page 9 for an update on our long-term growth outlook. We continue to expect 2025 earnings to be in a range of \$4.85 per share to \$5.05 per share. The midpoint of this range represents approximately 7% earnings per share growth compared to our adjusted 2024 earnings results. Building on the execution of our strategy and track record of strong earnings growth, we expect to deliver 6% to 8% compound annual earnings per share growth from 2025 through 2029, using the midpoint of our 2025 guidance of \$4.95 per share as the base.

We're excited about the robust sales growth and energy infrastructure investment opportunities in front of us, which strengthen our confidence in our ability to deliver strong long-term earnings growth. I'll speak more about those things in a moment.

In addition to growing earnings per share, last week, Ameren's Board of Directors approved a quarterly dividend increase of approximately 6%, resulting in an annualized dividend rate of \$2.84 per share. This represents our 12th consecutive year of increasing our dividend, which reflects continued confidence by Ameren's Board of Directors in our business outlook and management's ability to execute our strategy.

Looking ahead, we expect to grow our dividend in line with our long-term earnings per share growth expectations and for our dividend payout ratio to range from 55% to 65% of earnings per share. Combined, these elements support our strong total shareholder return proposition.

Turning to Page 10 for more on the foundation of our earnings outlook. Our strong long-term earnings growth expectation is driven by robust rate base growth, reflecting investment in energy infrastructure included in Ameren Missouri's Smart Energy Plan, which incorporates its Preferred Resource Plan, Ameren Illinois's Multi-Year Rate Plan and projects awarded to Ameren in MISO's long-range transmission planning.

Today, we are rolling forward our 5-year investment plan. And as you can see, we expect to grow our rate base at a 9.2% compound annual rate from 2024 through 2029. This robust rate base growth is driven by a 20% increase in our 5-year capital plan compared to the previous capital plan laid out last February, primarily reflecting accelerated generation needed to serve our updated sales growth expectations.

Now turning to Page 11 for more detail on the growth opportunities in Missouri driving the significant increase in our capital plan. We expect tremendous opportunities for economic growth over the next 5 to 7 years. Our region's economy spans multiple sectors from aviation, biotechnology, chemicals, financial services, beverage and food manufacturing, life and plant sciences to health care and logistics and a variety of other manufacturing concerns. And increasingly, it is an attractive location for data centers.

Based on our robust economic development pipeline, we are now expecting our weather-normalized retail sales to increase approximately 5.5% compounded annually from 2025 through 2029, compared to our prior plan expectations of flat to up 0.5%. This sales growth expectation is consistent with the notice we filed with the Missouri Public Service Commission of our intention to update our Preferred Resource Plan. That plan assumes approximately 500 megawatts of load growth by the end of 2027, a total of 1 gigawatt by the end of 2029 and 1.5 gigawatts by the end of 2032.

Since our third quarter earnings call, we have signed additional construction agreements with data center developers for 1.5 gigawatts of new load to be interconnected to our transmission system, bringing our total to approximately 1.8 gigawatts. These construction agreements are subject to acceptance of a modified industrial tariff under which new customers would receive energy service. Earlier this week, we submitted the necessary transmission load request related to these agreements to MISO for expedited project review and expect approval in April.

Further, we are actively working to propose a modified tariff for large industrial customers, including data center customers, and we expect to file for approval of the tariff with the Missouri Public Service Commission by the second quarter. While there's no deadline for commission approval, we are optimistic we'd receive a decision and that the tariff would be in effect before the end of the year.

We remain aligned with key stakeholders across the state in our efforts to attract new businesses to the region. Our economic development pipeline beyond our current construction agreements remains robust and we will continue to pursue each opportunity vigorously to maximize value for our customers and communities.

As the green shading on our slide indicates, a range of sales growth outcomes could ultimately occur. But based on our planned generation resource build out, we expect to have the capacity to serve 2 gigawatts of new demand by 2032 and even more thereafter.

Moving then to Page 12 for an update on Missouri's generation plans. Considering the significant sales growth potential, the lead time needed to construct new generation and other key considerations, Ameren Missouri notified the Missouri PSC that we are changing the Preferred Resource Plan in our September 2023 IRP, which lays out generation -- our generation plan for the next 20 years.

As mentioned, our new preferred plan is designed to serve 1.5 gigawatts of additional demand by 2032. And as I mentioned, it provides for a range of outcomes. The key objectives of our resource planning remain the same: A balanced mix of resources to provide reliable, lowest cost and cleaner energy for our customers. Our preferred plan calls for acceleration and expansion of natural gas generation and battery storage, acceleration of solar generation investment, potential extension of the life of our Sioux Energy Center by up to 3 years and investment in additional nuclear generation by 2040.

In total, the change in preferred plan represents the addition of 2.3 gigawatts of generation capacity by 2035 and when factoring in, updated costs for all planned resources represents approximately \$7 billion of increased investment by 2035 compared to the 2023 IRP. Our execution of this investment plan will lay the foundation for reliable economic expansion in Missouri. For further details on the differences between the Preferred Resource Plan from the 2023 IRP and new 2025 Preferred Resource Plan, see Page 31 of this presentation.

Turning to Page 13 for an update on the new generation recently placed in service or under development. This past year was just a start to the robust generation portfolio additions. Three new solar facilities totaling 500 megawatts and representing approximately \$1 billion of investment were placed in service during the fourth quarter of 2024 as planned. Combined, the 3 facilities are expected to generate energy sufficient to power 92,000 homes annually, and we continue to execute our IRP. We have another 1,200

megawatts of approved generation currently under construction. And we expect to file a request with the Missouri PSC for approval of additional generation and battery energy storage in the coming months.

Moving now to Page 14 for a transmission update. In December, MISO approved a nearly \$22 billion Tranche 2.1 portfolio, which is expected to provide significant reliability and capacity benefits for the region. MISO has already selected Ameren to lead \$1.3 billion worth of these critical grid infrastructure projects in Missouri and Illinois. The portfolio also includes \$6.5 billion of projects, which will be open for competitive bid, of which approximately \$1.8 billion are in Illinois. We believe we are well positioned to compete for all these opportunities as we have a strong track record of developing and operating cost-effective and high-quality transmission infrastructure.

MISO and its transmission owners will continue to assess the current long-range transmission future scenarios to support our region's energy needs in the years ahead. This analysis is expected to be followed by development of the Tranche 2.2 project portfolio.

Moving to Page 15 for a legislative update. In January, the Missouri legislative session began. Several bills are currently under consideration, including the Power Predictability and Reliability Act, the Missouri First Transmission Act, proposed modifications to integrated resource planning and the opportunity for future test year regulatory frameworks for natural gas and water utilities.

While these bills are at various stages in the legislative process, they collectively demonstrate Missouri's commitment to enabling a reliable and efficient energy future and supporting economic growth and job creation within our communities. Ameren will remain actively engaged with policymakers and key stakeholders in the months ahead to advocate for constructive energy policy.

Turning to Page 16 for an update on our 10-year investment pipeline. Looking ahead, we have a robust pipeline of investment opportunities of over \$63 billion that will deliver significant value to all of our stakeholders by making our energy grid more reliable, stronger and smarter. In addition, these investments will support many thousands of jobs within our local economies. Of course, constructive energy policies that support robust investment in energy infrastructure will be critical to meeting our region's energy needs and delivering on our customers' expectations.

Turning now to Page 17, to sum up our value proposition. We remain convinced that the execution of our strategy in 2025 and beyond will continue to deliver superior value to our customers and shareholders. Our earnings growth expectations are driven by strong compound annual rate base growth of 9.2% and strategic allocation of infrastructure investment to each of our business segments based on their regulatory frameworks.

Investment in Ameren presents an attractive opportunity for those seeking a high-quality utility growth story. Combined, our strong long-term 6% to 8% earnings growth plan and an attractive and growing dividend result in a compelling total return story. Further, we have a strong track record of execution and an experienced management team. I'm confident in Ameren's team's ability to execute our investment plans and other elements of our strategy across all 4 of our business segments.

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

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

Thanks, Marty, and good morning, everyone. I'll begin on Page 19 of our presentation with our 2024 earnings results. Yesterday, we reported 2024 adjusted earnings of \$4.63 per share compared to earnings of \$4.38 per share in 2023. Our 2024 earnings exclude 2 charges totaling \$0.21 per share. The first is related to the NSR settlement approved by the U.S. District Court for the Eastern District of Missouri for the Rush Island Energy Center. The second is related to the Federal Energy Regulatory Commission's order on base return on equity.

On Page 20, we summarize key drivers impacting adjusted earnings in each segment. Our strong 2024 adjusted earnings results were largely driven by our strategic infrastructure investments. In addition, weather-normalized retail sales grew approximately 2% across Ameren Missouri, with 2%, 1.5% and 3%

growth in our residential, commercial and industrial classes, respectively. Notably, industrial sales continue to remain robust, driven largely by growth from customers in the manufacturing and technology sectors. This year's sales growth reflects the strong economy across our service territory, which will serve as a solid foundation for future potential growth.

Our focus remains on balancing necessary investments with prudent cost management to support both system reliability and customer affordability. At the beginning of last year, we set an ambitious goal to hold O&M expenses flat given the importance of cost control and managing customer rate impacts. I'm proud to report that we've made significant strides in this area.

Importantly, at Ameren Missouri, when excluding the onetime NSR charge, all in O&M expenses were down \$12 million year-over-year. As we navigate the current economic landscape, we expect our proactive cost management and strategic investments will continue to drive operational efficiencies and keep our customer rates below the national and the Midwest averages.

Moving to Page 21 to cover regulatory progress made in the fourth quarter. In December, the Missouri PSC staff recommended a \$398 million annual revenue increase in our 2024 Ameren Missouri electric rate review. The difference between our request of \$446 million and staff's recommendation is primarily driven by staff's proposed return on equity of 9.74% versus our request of 10.25%, and treatment of High Prairie Energy Center, partially offset by estimated off-system sales and fuel costs, which will be subject to true-up and regulatory recovery mechanisms. The equity ratio will be updated to use the capital structure as of December 31, 2024.

Surrebuttal and true-up direct testimony will be available later today. As we have in the past, we will seek to work through these and other differences with interveners over the coming weeks. Evidentiary hearings are scheduled to begin in mid-March and the decision from the Missouri PSC is expected by May, with new rates effective by June 1.

Turning to Page 22 for an update on our regulatory proceedings in Illinois. In December, the Illinois Commerce Commission, or ICC, issued orders in 2 of our pending Illinois rate reviews. The ICC approved our revised grid plan and the corresponding Multi-Year Rate Plan, or MYRP, for 2024 through 2027 for a cumulative revenue increase of \$309 million versus our request for an increase of \$332 million. These annual revenues reflect our recoverable costs, average rate base of \$4.8 billion by 2027, and as anticipated, no change in the 8.72% return on equity.

Investments in the energy grid under this multiyear plan is expected to preserve safety, reliability and the day-to-day operations of our system, while also making progress towards the clean energy transition. We're pleased to have an ICC-approved grid plan through 2027, which provides clarity on the work ahead.

In addition, the ICC approved our request for a \$158 million reconciliation adjustment in the final electric distribution reconciliation of 2023's revenue requirement. The full amount will be collected from customers in 2025, replacing the prior reconciliation adjustment of \$110 million that was collected during 2024. New rates from the 2023 reconciliation in 2024 through 2027 MYRP were effective at the end of last year.

Moving now to Page 23 for an update on the Illinois gas regulatory matters. In January, Ameren Illinois Natural Gas Distribution requested a \$140 million annual base rate increase based on a 10.7% return on equity, a 52% equity ratio and a \$3.3 billion average rate base during our future 2026 test year. An ICC decision is required by early December, with rates expected to be effective in December 2025.

Turning to Page 24. We look ahead to our company-wide capital plan for the next 5 years. Here, we provide an overview of our \$26.3 billion of planned capital expenditures for 2025 through 2029 by business segment, which support our consolidated 9.2% compound annual rate base growth expectations.

As Marty highlighted, we have a robust capital investment opportunities ahead of us. The 5-year infrastructure investment plan we are releasing today represents a 20% increase over our investment plan issued last year. This increase includes additional generation reflected in the Ameren Missouri Smart Energy Plan, including the new Preferred Resource Plan and the Ameren Illinois MYRP order. As you can see on the right side of this page, we are continuing to allocate capital consistent with the allowed return on equity under each regulatory framework.

Page 32 in the appendix of this presentation provides a summary of the Ameren Missouri Smart Energy Plan, now filed with the Missouri PSC, which outlines CapEx by year over the next 5 years.

Turning to Page 25. Here, we outlined the expected funding sources for the investments noted on the prior page. We expect continued growth in cash from operations as investments are reflected in customer rates. From a tax perspective, we expect to generate significant tax deferrals, driven primarily by the timing differences between financial statement depreciation reflected in customer rates and accelerated depreciation for tax purposes. We will continue to advocate, along with others in our industry, to retain clean energy tax credits for the benefit of our customers.

From a financing perspective, we expect to continue to issue long-term debt to fund a portion of our cash requirements. To maintain a strong balance sheet while we fund our robust investment plan, we expect to issue approximately \$600 million of equity each year from 2025 through 2029, a portion of which we expect to be issued through our dividend reinvestment and employee benefit plans. These actions are expected to maintain our strong balance sheet and credit ratings.

Turning to Page 26 for further details on our 2025 financing plan. To fund a portion of the \$4.2 billion of investment in 2025, we expect debt issuances totaling \$500 million, \$650 million and \$750 million in Ameren Missouri, Ameren Illinois and Ameren Parent, respectively. In addition, as of today, we've entered into forward sales agreements for \$265 million of common stock issuances under our at-the-market equity distribution program to address a portion of our 2025 equity needs. We expect to settle these by the end of the year.

Moving to Page 27 of our presentation for our 2025 earnings guidance. Today, we are affirming our 2025 diluted earnings per share guidance range of \$4.85 per share to \$5.05 per share, the midpoint of which represents approximately 7% growth compared to our 2024 adjusted earnings results. These earnings drivers are summarized on this page and remain largely consistent with those discussed on our third quarter earnings call. We expect our disciplined cost management to hold operations and maintenance expenses to around a 1% compound annual growth rate over the 5-year plan.

Finally, turning to Page 28. We remain confident and excited in our long-term strategy, which we expect will continue to drive consistent superior value for all of our stakeholders. We have strong investment opportunities that benefit our customers and attract and support new business. We expect strong earnings per share growth driven by robust rate base growth, disciplined cost management and a strong customer growth pipeline.

As we said before, we have the right strategy, the right team and the right culture to capitalize on opportunities, to create value for our customers and shareholders. We believe this growth will compare favorably with the growth of our peers. Further, Ameren shares continue to offer investors an attractive dividend. In total, we have an attractive total shareholder return story. That concludes our prepared remarks. We now invite your questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from Shar Pourreza with Guggenheim Partners.

Shahriar Pourreza

Guggenheim Securities, LLC, Research Division

Maybe just, Marty, if you can dig into the growth profile a little more. So you're now just over 9% rate base CAGR. You've got this new sales number with 1 gig by '29. Equity is largely the same. Can you speak to how close you are to the top end of 6% to 8% at this point? Are we another '29 hyperscaler deal away from piercing 8%?

Martin J. Lyons

President, CEO & Chairman of the Board

Yes, Shar, thanks. You've got some of the building blocks that we laid out for you today. I'm pretty excited about the sales growth that we outlined on Slide 11. Very much excited about the capital plan that we laid out on Slide 24, and that's backed up by the new IRP changes that we've put forward that are on Slide 12. So lot of good building blocks. And like you said, we've provided the financing assumptions as well. So hopefully, I've given you and everybody else some good building blocks to build out your models.

I guess I'd say with respect to the EPS growth, we've said before that our goal is to deliver at or above the midpoint. And we really mean that year in and year out as we look ahead over the next 5 years. As we pointed out earlier, we certainly do have a history of doing that as well, really delivering within the upper end of that guidance range.

As we look out over the next 5 years, and you kind of talked about this a little bit, we see that sales growth sort of occurring over time, really starting in late 2026 and into 2027. You see on that chart on Slide 11, 500 megawatts expected by the end of 2027. And as you point out, 1 gig of additional demand by the end of 2029. So it sort of ramps up in the mid- to late parts of this period.

Similarly, with rate base growth, we certainly don't give that to you year by year. But as you look at that Slide 12, that I referenced with the updated IRP, you can see where some of the investments are going to come into service in order to serve that load. And again, it's mid- to back-end loaded over this 5-year period.

So look, I think those are some of the building blocks and there's certainly a number of steps that need to take place to bring all these sales growth expectations to fruition and get this generation built. But based on the plans we've laid out today, we would expect to deliver near the upper end of the range in the mid- to latter part of the plan.

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

That was well said. The only thing I might add to that, too, is I think it's sort of implied what Marty is saying, if you look at that long-term capital plan too, we were at \$55-plus billion out there over the next 10 years. Obviously, we updated that with this Preferred Resource Plan that was just filed this morning and updated that to \$63-plus billion. So again, I think it just speaks to the longevity of the pipeline and the plan.

Shahriar Pourreza

Guggenheim Securities, LLC, Research Division

No, that's very well stated. And then on just the resource plan update, can you just help us sensitize a little more on the scenarios? The preferred plan is 1.5 gigs by 2032, so that's our baseline. But how much of capacity headroom is there in the resource mix if you wind up going beyond that? Are we looking at more generation capital? Would it be backfilled with retirement extensions, repowerings, et cetera?

Martin J. Lyons

President, CEO & Chairman of the Board

Yes. As you look at the IRP update that we filed today, in a lot of ways, that reflects what in the short term, in the next 5 years, we think, can realistically get done. And what you see there is mostly acceleration of things that we had in our prior plan. And we've talked about this before, the acceleration of renewable investments, battery storage, investment in gas-fired generation. And again, when we look at that opportunity that we have to build that generation out, we believe that we could serve that 2 gigawatts that we have outlined on Slide 11 by 2032 and even more thereafter. So we're really excited today to have the almost 1.8 gigawatts of construction agreements in place today.

Last quarter, we provided sort of a sales funnel, if you will, that talked about tens of thousands of megawatts of potential new demand across Missouri and Illinois. That's all still true today. We're excited about that. As we outlined in our plans today that, again, in the IRP, we believe we can serve the load that's been signed up in the construction agreements. We're also continuing to engage with potential developers of data centers in Missouri and Illinois. And we're going to continue to court that interest. Like I said, having the opportunity to serve more even with these plans that we've laid out today.

So I think it's all good. On Illinois, I just mentioned that while it's not stated in the slides here, we have several projects in the engineering review stage in Illinois. There are some attractive development sites there, just like there are in Missouri and some good state incentives. So we're doing all we can in each state to help businesses connect to the grid and grow the communities, the economies that we serve.

Shahriar Pourreza

Guggenheim Securities, LLC, Research Division

Perfect. Lots of tailwinds. Congrats, guys. Appreciate it.

Operator

Our next question comes from Durgesh Chopra with Evercore.

Durgesh Chopra

Evercore ISI Institutional Equities, Research Division

Well, a quick shout out to your IR team. The IRP reconciliation is crisp as always and makes my job a lot easier. Listen, 2 questions. First, on the balance sheet, just, Mike, how -- the capital line is about 20% higher. The equity is the same. Maybe just where are you tracking on FFO to debt? And are you positioned strongly enough with this capital plan to be at Baa1 or are we thinking about Baa2? Just thoughts there.

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

You're making Andrew smile over here, by the way, Durgesh. Nice shout out to him. So he's happy to hear that. Look, as we've talked in the past, we feel good about our balance sheet. We've been very proactive over time issuing equity. I think we've continued to protect and support the balance sheet in a really conservative way.

As I sit here today and looking out over the 5-year plan, we absolutely feel that this equity here will support the Baa1, BBB+. I mean we're at or above that 17% threshold that Moody's has us at. And that's really obviously the downgrade threshold that we have for us. Just to remind you, at S&P, we're at 13%. So we're probably closer to the upgrade threshold than we are the downgrade threshold given where we maintain the metrics. But again, as we sit here today and what we have from a funding perspective, we feel very, very good about it.

Durgesh Chopra

Evercore ISI Institutional Equities, Research Division

Got it. Okay. Excellent. And then maybe just a lot of upside investment opportunities on the MISO side, on the IRP. Maybe can you just help reconcile what is in the 5-year plan? And then what are the quantum

of opportunities if there's a way to size the capital amount, which is truly upside and not yet in the capital plan, if you know where I'm going with this?

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

Yes. Let me start with the transmission piece and Marty can certainly chime in here as well. I mean, I think probably the easiest way, Durgesh, to think about it is we had about \$5 billion in the overall 10-year pipeline associated with LRTP. And so about \$2 billion of that was in the first 5 years, which has been allocated to us as part of those -- that first Tranche 1 plus those competitive projects that we won. So that's that first piece.

And then you've got a remaining \$3 billion that you're filling out and that has been \$1.3 billion awarded to us here in Tranche 2. And so then we obviously have these competitive projects that we indicate about \$6.5 billion worth of projects that we're going to bid on to fill out that piece. So I think the way to think about it, there is clearly upside with respect to some of those competitive projects today and how we think about that \$5 billion that's in there.

So Marty, anything to add on the transmission side?

Martin J. Lyons

President, CEO & Chairman of the Board

On the transmission side, I would just say, overall, as we think about the capital plan, we feel like it's conservative and achievable. As you look at the other elements of the capital plan on Slide 24, in Missouri, what we've done is look to align the generation spending there with the updated IRP we filed today. The Illinois Electric Distribution is aligned with the outcome of the Multi-Year Grid and Rate Plan that we had last year. The Illinois gas spending is aligned with our 2023 gas rate review as well as the pending gas rate review and Michael just discussed transmission. So we've aligned all those things.

I would note that Ameren Missouri non-generation spending is down a little bit from what we had in our last 5-year plan. And I would say that overall, despite the increase in spending that you're seeing and investments you're seeing in Missouri, there's conservatism baked into those numbers as we think about the 5-year plan. So I think it's conservative. It's achievable, but it is aligned with those things Michael and I talked about.

Operator

Our next question comes from Nicholas Campanella with Barclays.

Nicholas Joseph Campanella

Barclays Bank PLC, Research Division

So I just -- when I look across the portfolio, there's just a lot of tailwinds, whether it's Missouri rate review seems like it's going off to a solid start. And I know that there's legislation this year, you're kind of laying the framework for potentially more data centers to come into your territories. And if you were to have success here, let's just say you kind of move into the high scenario load growth range or you do have to kind of accelerate capital in the plan. Is there a point in which you would kind of like reevaluate the growth rate? Or do these opportunities kind of extend that premium 6% to 8% offering at the...

Martin J. Lyons

President, CEO & Chairman of the Board

Yes. Well, thanks for the question. And you're right, there are a number of tailwinds that we've got today. I mean we're very excited for our communities and for our customers as we think about some of the economic development opportunities that we're seeing in Missouri and Illinois. And as you mentioned for us, it certainly means opportunities to invest to support those businesses, to help grow those businesses and impact our sales.

And we are pleased that in Missouri, in particular, there's good alignment, I believe, with stakeholders to really go after some of these economic development opportunities and provide some of the regulatory tools and mechanisms and outcomes to be able to support the continued investment and growth in our communities. So I think that's all good.

As you think about our growth rate over time, certainly, our objective is going to be to maximize that growth rate as we think about the investments that are needed through time. We're not going to constrain it, is another way to put it.

In answer, I think, to the first question we got, though, as we think about the next 5 years, still feel like this 6% to 8% growth guidance is the right guidance. Again, as I said earlier, in the short term, we'll be at or above that midpoint. But as we see that load growth occurring later in the 5-year period, as we see the rate base growing later in that 5-year period, as I said before, we do expect to deliver near the upper end of the range in the mid- to latter part of the plan. As we go through time, if some of these tailwinds continue and should the growth even accelerate further, we'll certainly reevaluate the overall earnings per share growth range. As I said, we certainly don't want to constrain it in any way.

Nicholas Joseph Campanella

Barclays Bank PLC, Research Division

That's super helpful. I appreciate that. And I'm sorry to make you repeat yourself a little bit on what's in the plan versus not, but just -- you mentioned that you have capacity to serve 2 gigawatts of demand -- or you're working towards capacity to serve 2 gigawatts of demand by 2032. It does seem you have like 1.8 under construction. So I just -- is what you're doing freeing up additional capacity to attract an additional 2 gigs? So if you were to have an additional demand, you'd have to do more CapEx for that? Or does this kind of -- does this plan and this CapEx plan create that capacity for you? I just wanted to understand that.

Martin J. Lyons

President, CEO & Chairman of the Board

Yes. Thanks for the question. I'll try to clarify. As we look at some of this load, it ramps up over time. And so even when we think about that 1.8 gig, it's going to ramp up over some period of time based upon the customers' needs. And so the plan that we laid out today, the resource plan that we laid out, as I said, we think that would support the ability to serve a full 2 gigawatts by 2032, but even more after that. And so as that load grows, we can not only serve that 2 gigs by 2032, but even more so after that. And look, if there's more demand, we'll continue to explore ways to serve even beyond that.

So again, we're not constraining ourselves. But as we look at this next 5 years, with the investments we've outlined are the things that, we do believe we can realistically achieve and support that load growth that I just talked about.

Operator

[Operator Instructions] Our next question comes from Carly Davenport with Goldman Sachs.

Carly S. Davenport

Goldman Sachs Group, Inc., Research Division

Maybe just 2 quick ones for me. First, on the sales growth outlook. Can you just help us put that 5.5% CAGR into the context of sort of the total pipeline that you're seeing in Missouri? Or maybe said another way, can you just talk about how you sort of risked the pipeline to come out to this 5.5% level over the course of the new 5-year plan?

Martin J. Lyons

President, CEO & Chairman of the Board

Yes, I'll see what color I can provide on that. When you look back on the Q3 call in that funnel, we talked about tens of thousands of megawatts of potential demand, 75% of that from data centers and about 65% of that Missouri. So significant demand. But what's happened through time is we worked with different

developers in terms of transmission access. And as I said earlier, about 1.5 gigs of new construction agreements have been signed on top of the ones that we had when we talked last in Q4. So in -- we've really been trying to take those in terms of -- in a fair and equitable way in terms of the orders that they came in and have asked for interconnection. And that's where we are today.

Now to put it all in sort of scale terms, I mean, 2 gigs, if we're serving 2 gigs by the end of 2032, that represents about a 45% increase in Missouri sales. So pretty significant. But as I said earlier, Carly, this is what we've got today, given the construction agreements that we've got signed, given the tariff discussions we have going on with end users. And we look at the -- again, the generation that we can accelerate and deliver within this time period. We think 1.5 gig is a good point estimate. But again, it could be greater as we think about the sales by 2032.

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

And Carly, it's Michael. Just a little finer point. I think the comments that we have made previously about this first 250 megawatts, I think, still stands. We talked about that being online by the end of 2026. And as Marty said, it kind of ramps in over time, 500 by the end of '27 and then you get to 1 gig by the end of 2029.

And the only thing I might add in addition to this, I mean, I think we're coming off of a good foundation as well, right? As I indicated in my talking points, we ended the year at just a little bit -- right at about 2% growth. And it was across all classes, 2% on the residential side, 1.5% on the commercial and then a really robust 3% on the industrial side. And we're forecasting additional growth in '25 relative to '24 as well. So I mean, I think, again, it gives us good backdrop, just what we're talking about here in terms of the foundation.

Carly S. Davenport

Goldman Sachs Group, Inc., Research Division

Great. I appreciate all that color. That's really helpful. And then maybe just on the updated IRP in Missouri. I know you mentioned this in your opening remarks, but you did have some new nuclear longer dated, of course, by 2040 reflected in that new filing. Obviously, it's a big focus of the market. So could you just talk a little bit about kind of how you envision that new capacity? Is that more focused on opportunities around SMRs or something more like an AP1000?

Martin J. Lyons

President, CEO & Chairman of the Board

Yes. Thanks, Carly. And you're right, it's long dated. When we look out to 2040-time frame, looking at adding new nuclear and we talked about that balanced energy portfolio we see in the future. And when you look out to, say, 2045, what we see is about 70% dispatchable resources with nearly 40% nuclear, a little over 30% gas and then about 30% of our energy coming from renewables. So that's what we're sort of looking towards when we look very long term. And of course, we've got experience with nuclear. Our Callaway plant here in Missouri has served our customers well for the past 40 years, and we expect it to continue for the next 40 years.

That said, I'd say as we sit here today, we really haven't put a stake in the ground in terms of what technology would make the most sense for us in terms of a nuclear technology. Certainly, when you look at the megawatts that we have in there for new nuclear, about 1,500, you got a full range of options, as you mentioned, in terms of technology.

But what we're really looking to do over the next 3 to 5 years is to devote resources internally to monitor and studying these technologies closely and exploring perhaps what activities might be prudent to take that would, say, be technology agnostic, which might include things like construction permitting and the like. I don't see in the next few years any material financial commitment as it relates to new nuclear. As you say, it's sort of long-dated. But we do think that's part of our energy future as we look out to a balanced portfolio in Missouri.

Operator

Our next question comes from Julien Dumoulin-Smith with Jefferies.

Julien Patrick Dumoulin-Smith

Jefferies LLC, Research Division

You guys -- I mean, just a remarkable update here across the board, whether it's the minimal -- limited incremental equity, great roll forward of the rate base here. I mean really what's left to address on the call here is, as you think about regulatory lag in front of you in this investment cycle, can you speak to that a little bit here and what you're facing, if that -- there's any kind of timing issues? Obviously, you're emphasizing being at the upper end of the plan in the back half of the year. Can you speak to maybe any kind of earned ROE expectations and maybe marry that up against expectations and how to frame and sensitize any potential legislative outcomes here? Obviously, you spoke to some of them in brief earlier, but maybe just kind of square that up, if you will, and set any expectations on the cadence of earnings through the 5-year period, too?

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

Let me start on the regulatory lag and then Marty can come in and talk about the legislative process. I mean, Julien, as you know, I mean we've always managed these businesses prudently, try to earn as close to our allowed as possible. I mean if you kind of look at where we are on a historical basis versus some place in excess of 10% kind of across the overall portfolio of different returns.

And as you said, I mean, we got to continue to be thoughtful about this. Obviously, you have rate reviews and other things you got to be thoughtful about from a timing perspective. And so that goes into how we think about projects. And Mark Birk and his team do a really good job just thinking about when those are going to need to be in place from a cutoff date, et cetera, just again, to make sure that we're maximizing the returns and minimizing any regulatory lag.

And then the other thing that we've obviously done in addition to all of this, which I think is just a good practice in general, is we've managed our overall O&M cost really, really well. We talked about this at the beginning of the year. I mean we went through another process of kind of looking at spans and layers, doing a lot of benchmarking, looking up and down the P&L. We've made significant investments in technology over the past 5, 6 years. We're continuing to start to see some of that benefit from a productivity standpoint today, both back office and in the field, which I think is helpful, being very thoughtful about as we turn -- have turnover and the replacements we put back into the business, et cetera.

So I think all of that has served us well, and it obviously manifests itself in having O&M be down \$12 million, which I indicated in the talking points, year-over-year, which I think is good in this environment because we want to be doing everything we possibly can to try to minimize the impact of this transition. So that's what I would say about that from a regulatory lag perspective. Marty can certainly add in and talk about the legislative piece, too.

Martin J. Lyons

President, CEO & Chairman of the Board

Yes, I thought that was good, Michael. I think, Julien, as you go through time, we'll have to adjust and think through the timing of our rate reviews, as Michael mentioned, for a variety of factors. And again, some of it is going to be really getting better visibility in terms of how some of the sales growth is going to occur through time and refined timing on some of the, I'll call it, chunkier in-service dates on some of the elements of our integrated resource plan. And those things will help to refine our regulatory timing as well as thoughts on regulatory lag.

But you did mention legislation in Missouri. There are a number of legislative initiatives that are progressing. As you know, the legislative session just recently kicked off and goes through, I think, May 16 of this year. So quite a bit of time. But we outlined on Slide 15, a number of various pieces of

legislation that are sort of percolating. And some of them are familiar to you, things we've talked about in the past, like really extension of PISA. As you think about some of these generation investments we want to make, getting that sunset pushed out in time is really helpful to us, gives us greater visibility in terms of regulatory framework and certainty through time, extending that to include natural gas generation. Again, we've got that built into our plan. These things are important in terms of supporting this economic development, this investment in generation.

You see other things like the Missouri First Transmission Act, really making sure that we can get transmission built quickly, have good import/export capability in our region, again, supports the economic growth. And then you see some of the other things that are percolating changes to the integrated resource planning, allowing CWIP and rate base for new natural gas generation or other energy centers. So you see forward test years for natural gas and water.

So I think some good constructive things that would be, again, incrementally supportive of investment in the state and incrementally supportive of broader economic growth and development in the state. And so the active consideration on these, it's -- there's a long way to go, but as we have recently seen some Senate action on that, in particular, so a consolidation of a number of these bills into one bill with Senate Bill 4.

So I'd encourage you to continue to monitor these. We'll certainly continue as well as others to actively engage. But I think it's just good constructive discussion that -- about things that would be supportive of investment and economic growth in our state. So thanks.

Operator

Our next question comes from Anthony Crowdell with Mizuho.

Anthony Christopher Crowdell

Mizuho Securities USA LLC, Research Division

Hopefully, just 2 quick questions. One is, I think, on Slide 31, where you -- kudos to Andrew again. You do a great job of breaking it out. Just wondering, 2030, you have 1,600 megawatts of gas, 800 more than your original plan. We hear or see in the papers, the challenges of procuring new gas-fired generation. Just anything you could add on the ability to add that generation? I have one follow-up.

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

Yes. No -- Anthony, this is Michael. Look, we feel good about that addition. I mean we've taken steps along the way in Missouri to make sure that we could procure what we needed to, to get this online given the importance of it, given the significance of what we're seeing from a supply chain perspective. So I think we've mentioned this before, but I think those steps have served us well, and we should be in good shape to bring this online. Still a lot of work to do. But from a critical component standpoint, we're set.

Anthony Christopher Crowdell

Mizuho Securities USA LLC, Research Division

Great. And then on the S&P rating, just -- if you could just give me the numbers. I missed it to the earlier question. I think you said you're closer to the upgrade threshold. Would you mind -- just those numbers again?

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

Yes, our downgrade threshold at S&P is 13%, Anthony. And so we've been certainly north of 17% or above there on that calculation. And so I don't know exactly what the upgrade threshold is, but it's -- we're much closer to that than we are the downgrade threshold. That's the point, I guess, I was trying to make.

Anthony Christopher Crowdell

Mizuho Securities USA LLC, Research Division

Great. Congrats on a great update.

Operator

Our next question comes from Bill Appicelli with UBS.

William Appicelli

UBS Investment Bank, Research Division

A question on the large load tariffs that you're going to be filing. Can you just share some details around that? I mean is that going to have minimum load commitments for a set period of time? Is there an expectation that this is new load that's going to be -- have a neutral impact or potentially a beneficial impact to existing customers? Any color you can share on that filing?

Martin J. Lyons

President, CEO & Chairman of the Board

Yes, Bill, I'd say it's premature to say exactly how it's going to be structured. But you're hitting on the right points. We're actively working with some of the prospective customers to finalize the tariff. I'd say discussions are going well. But you're right. I mean typical contract items, things like revenues to cover cost -- the cost to serve, tenor of contract, minimum takes, exit provisions, credit provisions. I mean these are the things that we're focused on.

William Appicelli

UBS Investment Bank, Research Division

Okay. But I mean -- but the point would be that existing customers would be held -- would be neutral to the large load coming on?

Martin J. Lyons

President, CEO & Chairman of the Board

At a minimum, yes.

William Appicelli

UBS Investment Bank, Research Division

Yes. Okay. And then just on the Missouri rate case, I think there's a settlement window coming up next week. I know you've got hearings set for middle of March. But any update on how you're feeling around maybe the possibility of settling the rate case in this upcoming window?

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

Bill, it's Michael. Again, I think as I indicated on the call itself, I mean, I think we sit in a good spot at this point in terms of the differences between us versus staff. I think we indicated, we were -- in the last update, we were at \$446 million versus \$398 million from staff. And so most of that is being driven by ROE, they're at 9.74% and we're at 10.25%. And then there's an issue associated with this High Prairie wind place.

So I think, ultimately, we always look to try to find a constructive way to get these settled. You can never guarantee that. But I think we sit in a good spot to continue to have some constructive conversations here over the coming weeks, and we'll see what time brings us.

Operator

Our next question comes from Jeremy Tonet with JPMorgan Chase.

Jeremy Bryan Tonet

JPMorgan Chase & Co, Research Division

I was just wondering if I go to the financing plan a little bit, the \$4.4 billion of increase in CapEx, yet only \$300 million of incremental equity. I haven't seen that from all your peers out there. Just wondering if you could talk a bit more about the specific drivers here that allow you to minimize additional equity issuance here? Is there any shaping of CapEx over the 5-year plan and how that impacts financing considerations?

Michael L. Moehn

Senior EVP, CFO & President of Ameren Services

No, Jeremy, I mean, look, I think it's more of a product just how we've managed this over time, right? We came into this kind of super cycle of CapEx in a really strong position. We've always protected the balance sheet. Again, we've liked our ratings where they have been historically. And so I think that's really probably the difference here as we just -- as we worked into it, we had some continued room. If you went back and looked over time, we were certainly in excess of even those downgrade thresholds where we are today. But as we look over the next 5 years, as I mentioned earlier, I feel good that we're going to be at or above that 17%, which is really the threshold metric for us on the Moody's side.

Jeremy Bryan Tonet

JPMorgan Chase & Co, Research Division

Got it. Great to see what being conservative on the balance sheet can do to you. Makes sense. And maybe just one last one, if I could. Circling back to legislation, do these items represent upside to your plan? Any way to size the magnitude of earnings and cash flow benefits from possible legislation here?

Martin J. Lyons

President, CEO & Chairman of the Board

I think these are really things that can create a win-win for customers and shareholders as we think about executing the capital plans that we've got. And I think in large respect, go a long way simply to helping us to earn closer to our allowed return as we deploy the capital.

Operator

Our next question comes from David Paz with Wolfe Research.

David Alexander Paz

Wolfe Research, LLC

Sorry, I think my question has mostly been answered, but maybe just a little more precise question here. I know you said that you expect to be within the 6% to 8% EPS growth target each year and then the upper end in the latter half of the planning period. But do you see any specific headwinds that puts you below the midpoint, say, next year in 2026 before that sales growth kicks in? And if so, what are those?

Martin J. Lyons

President, CEO & Chairman of the Board

No, David, I wouldn't say there are any specific headwinds with respect to being at the midpoint or higher as we look at next year. But again, I think the point I was trying to make is when you look at some of that sales growth again and Michael, I think, underscored this, we really see that ramping up late '26, into 2027 and then beyond. And you can look at also to some of the rate base growth, which occurs sort of again mid- to latter part. But no, I wasn't trying to suggest that next year, we would be expecting to sort of miss that mark.

I think we're going to have to wrap it up for today. We've got some other business we have to attend to this morning. I really appreciate all the interest we had on the call this morning. Lots of great questions and dialogue. I think you can tell that we're very energized by the opportunities ahead, the power growth for our communities and for our shareholders.

And so with that, please be safe, and we look forward to seeing many of you at upcoming conferences.

Operator

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

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