



Ameren Corporation

Third Quarter 2018 Earnings Conference Call

October 31, 2018

FORWARD-LOOKING STATEMENTS

Statements in this transcript not based on historical facts are considered “forward-looking” and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors in Ameren's Annual Report on Form 10-K for the year ended December 31, 2017, 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, including the effects of the Tax Cut and Jobs Act of 2017 (TCJA), and any changes in regulatory policies and ratemaking determinations, such as those that may result from the complaint case filed in February 2015 with the Federal Energy Regulatory Commission seeking a reduction in the allowed base return on common equity under the Midcontinent Independent System Operator tariff, Ameren Missouri's proposed renewable energy standard rate adjustment mechanism (RESRAM) filed with the Missouri Public Service Commission (MoPSC) in May 2018, Ameren Missouri's requested certificate of convenience and necessity for a wind generation facility filed with the MoPSC in October 2018, Ameren Missouri's proposed customer energy-efficiency plan under the Missouri Energy Efficiency Investment Act (MEEIA) filed with the MoPSC in June 2018 and revised in October 2018, and future regulatory, judicial, or legislative actions that change regulatory recovery mechanisms;
- the effect of Ameren Illinois' participation in performance-based formula ratemaking frameworks under the Illinois Energy Infrastructure Modernization Act and the Illinois Future Energy Jobs Act (FEJA), including the direct relationship between Ameren Illinois' return on common equity and 30-year United States Treasury bond yields, and the related financial commitments;
- the effect of the implementation of Missouri Senate Bill 564 on Ameren Missouri, including Ameren Missouri's election to use plant-in-service accounting and the resulting customer rates caps;
- the effects of changes in federal, state, or local laws and other governmental actions, including monetary, fiscal, and energy policies;
- the effects of changes in federal, state, or local tax laws, regulations, interpretations, or rates, amendments or technical corrections to the TCJA, and any challenges to the tax positions we have taken;
- the effects on demand for our services resulting from technological advances, including advances in customer energy efficiency 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 MEEIA programs, including Ameren Missouri's proposed customer energy-efficiency plan filed with the MoPSC in June 2018 and revised in October 2018;
- Ameren Illinois' ability to achieve the FEJA electric customer energy-efficiency goals and the resulting impact on its allowed return on program investments;
- our ability to align overall spending, both operating and capital, with frameworks established by our regulators and to recover these costs in a timely manner in our attempt to earn our allowed returns on equity;

- the cost and availability of fuel, such as ultra-low-sulfur coal, natural gas, and enriched uranium used to produce electricity; the cost and availability of purchased power, zero emission credits, renewable energy credits, and natural gas for distribution; and the level and volatility of future market prices for such commodities and credits, including our ability to recover the costs for such commodities and credits and our customers' tolerance for any related price increases;
- disruptions in the delivery of fuel, failure of our fuel suppliers to provide adequate quantities or quality of fuel, or lack of adequate inventories of fuel, including nuclear fuel assemblies from one Nuclear Regulatory Commission-licensed supplier of Callaway energy center's assemblies;
- the cost and availability of transmission capacity for the energy generated by Ameren Missouri's energy centers or required to satisfy Ameren Missouri's energy sales;
- the effectiveness of our risk management strategies and our use of financial and derivative instruments;
- the ability to obtain sufficient insurance, including insurance for Ameren Missouri's Callaway energy center, or, in the absence of insurance, the ability to recover uninsured losses from our customers;
- business and economic conditions, including their impact on interest rates, collection of our receivable balances, and demand for our products;
- disruptions of the capital markets, deterioration in our credit metrics, including as a result of the implementation of the TCJA, or other events that may have an adverse effect on the cost or availability of capital, including short-term credit and liquidity;
- the actions of credit rating agencies and the effects of such actions;
- the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments;
- the impact of weather conditions and other natural phenomena on us and our customers, including the impact of system outages;
- the construction, installation, performance, and cost recovery of generation, transmission, and distribution assets;
- the effects of breakdowns or failures of equipment in the operation of natural gas transmission and distribution systems and storage facilities, such as leaks, explosions, and mechanical problems, and compliance with natural gas safety regulations;
- operation of Ameren Missouri's Callaway energy center, including planned and unplanned outages, and decommissioning costs;
- the impact of current environmental regulations and new, more stringent, or changing requirements, including those related to carbon dioxide and the proposed repeal and replacement of the Clean Power Plan and potential adoption and implementation of the Affordable Clean Energy Rule, other emissions and discharges, cooling water intake structures, coal combustion residuals, and energy efficiency, that could limit or terminate the operation of certain of Ameren Missouri's energy centers, increase our 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 portfolio requirements in Missouri and Illinois and with the zero emission standard in Illinois;
- Ameren Missouri's ability to acquire wind and other renewable generation facilities and recover its cost of investment and related return in a timely manner, which is affected by the ability to obtain all necessary project approvals; the availability of federal production and investment tax credits related to renewable energy and Ameren Missouri's ability to use such credits; the cost of wind generation technologies; Ameren Missouri's ability to obtain timely interconnection agreements with MISO or other Regional Transmission Organizations, including the costs of such interconnections; and the implementation of a RESRAM;

- labor disputes, work force reductions, future wage and employee benefits costs, including changes in discount rates, mortality tables, returns on benefit plan assets, and other assumptions;
- the impact of negative opinions of us or our utility services that our customers, legislators, or regulators may have or develop, which could result from a variety of factors, including failures in system reliability, failure to implement our investment plans or to protect sensitive customer information, increases in rates, or negative media coverage;
- the impact of adopting new accounting guidance;
- the effects of strategic initiatives, including mergers, acquisitions, and divestitures;
- legal and administrative proceedings;
- the impact of cyberattacks, 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; 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 L. Baxter, *Chairman, President and Chief Executive Officer*

Marty J. Lyons, *Executive Vice President and Chief Financial Officer*

Michael L. Moehn, *Missouri Chairman and President*

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

Ali Agha, *SunTrust Robinson Humphrey*

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

Insoo Kim, *Goldman Sachs*

Greg Gordon, *Evercore ISI*

Stephen Byrd, *Morgan Stanley*

Paul Patterson, *Glenrock Associates*

Anthony Crowdell, *KeyBanc Capital Markets*

Ashar Khan, *Verition Fund Management*

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

Operator:

Greetings and welcome to the Ameren Corporation Third Quarter 2018 Earnings Conference Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded.

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

Andrew Kirk:

Thank you and good morning. On the call with me today are Warner Baxter, our Chairman, President and Chief Executive Officer, and Marty Lyons, our Executive Vice President and Chief Financial Officer, as

well as other members of the Ameren Management team. Warner and Marty will discuss our earnings results and guidance, as well as provide a business update. Then we will open the call for questions.

Before we begin, let me cover a few administrative details. This call contains time-sensitive data that is accurate only as of 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 home page that will be referenced by our speakers. As noted on Page 2 of the presentation, comments made during this conference call may contain statements that are commonly referred to as forward-looking statements. Such statements include those about future expectations, beliefs, plans, strategies, objectives, events, conditions and financial performance. We caution you that the various factors could cause actual results to differ materially from those anticipated. For additional information concerning these factors, please read the forward-looking statements section in the news release we issued today and the Forward-looking Statements and Risk Factors sections in our filings with the SEC.

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

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

Warner L. Baxter:

Thanks, Andrew. Good morning everyone and thank you for joining us.

Earlier today, we announced third quarter 2018 core earnings of \$1.50 per share compared to core earnings of \$1.24 per share in the third quarter of 2017. Third quarter 2018 results exclude a non-cash, non-core charge of \$0.05 per share related to federal income tax reform. The year-over-year earnings increase was driven by higher retail sales, primarily due to warmer summer temperatures as well as earnings on increased infrastructure investments. The comparison also benefited from timing differences related to federal income tax reform which we do not expect will impact full-year results. Marty will discuss these and other factors driving the quarterly results in more detail in a moment.

I am also pleased to report that we continue to successfully execute our strategic plan across all of our businesses, which I will touch on in more detail in a few moments.

That fact, when coupled with strong retail sales primarily due to the warm summer weather enabled us to raise our 2018 earnings guidance for the second time this year. Our 2018 core earnings guidance range is now \$3.35 per share to \$3.45 per share, up from our prior GAAP and core guidance range of \$3.15 per share to \$3.35 per share.

Moving to Page 5, here we reiterate our strategic plan, which we have been executing very well throughout 2018 and over the last several years. That plan is expected to continue to result in strong long-term investment and earnings growth.

The first pillar of our strategy stresses investing in and operating our utilities in a manner consistent with existing regulatory frameworks. This strategy has driven our multi-year focus on investing in energy infrastructure for the long term benefit of customers in jurisdictions that are supported by modern, constructive regulatory frameworks. Today, I am pleased to say that we are allocating meaningful amounts of capital to each of our business segments as all are now operating under constructive frameworks.

On September 1st, Ameren Missouri began using Plant-in-Service Accounting enabled by Senate Bill 564. This legislation improves our ability to earn a fair return on Ameren Missouri capital investments and will drive significant incremental investments in energy infrastructure in the future. I'll say more about Senate Bill 564 in a moment, but it is safe to say that we are excited to bring many of the same infrastructure investment benefits to Missouri that our Illinois customers enjoy today.

Speaking of our Ameren Illinois Electric and Natural Gas Distribution operations, we invested approximately \$625 million in Illinois Electric and Natural Gas delivery infrastructure projects in the first nine months of this year, including those that are part of Ameren Illinois modernization action plans. The electric projects enabled by the Illinois Energy Infrastructure Modernization Act have exceeded the job creation goals and we are on track to meet or exceed our investment, reliability and advanced metering goals. Ameren Illinois customers are experiencing fewer and shorter power outages as a result of electric grid upgrades.

Since the modernization program began in 2012, the installation of storm resilient utility poles, automated switches, and an upgraded distribution grid have resulted in a 19% reduction in annual electricity service interruptions on average. And, when customers do experience an outage, Ameren Illinois is restoring power 17% faster on average than prior to when the program began. Further, installations of advanced electric meters and gas meter modules are either on or ahead of schedule.

Through the end of September, Ameren Illinois has installed about 985,000 smart electric meters and 510,000 gas meter modules that provide customers with enhanced energy usage data and access to programs to help them save on their energy bills. Ameren Illinois is working to deploy the devices to all of its 1.2 million electric and 800,000 gas customers by the end of 2019. Additionally, the investments in infrastructure enabled by this constructive energy policy have created thousands of new jobs in Illinois.

Finally, we've been able to make all of these investments and create jobs while keeping rates low for customers. To give you some perspective, if our annual electric rate update is approved by the ICC as requested, all-in 2019 residential electric rates for customers taking delivery and energy service by Ameren Illinois will have decreased by an estimated 1% since electric formula ratemaking began in 2012, even after incorporating substantial infrastructure investments made for the benefit of customers.

With regard to our Illinois Natural Gas operations, our transmission and distribution projects are focused on upgrading and modernizing our gas main and equipment infrastructure, all to strengthen the safety and reliability of our system. Many of these projects were enabled by the Qualified Infrastructure Plant Rider which improves our ability to recover costs more timely between rate reviews. Being mindful of the recent gas distribution issues experienced in the Northeast, I will note that our Ameren Gas Distribution system is comprised almost entirely of plastic and protective coated steel pipelines. There is no cast iron or uncoated bare steel pipe in our system. In addition, our gas distribution system operates within individual service pressure regulators at 99.9% of our customers, nearly every customer meter.

Moving now to our Ameren Transmission business where we have invested approximately \$400 million through September of this year. We continue to make significant investments in local reliability projects needed to comply with the North American Electric Reliability Corporation requirements, as well as our two remaining regional multi-value projects, Mark Twain and Illinois Rivers, which are expected to be completed by the end of 2019 as planned. These investments, enabled by the constructive FERC regulatory framework continue to bring value through safe, reliable, resilient and efficient transmission systems.

In summary, constructive and forward-thinking electric and gas regulatory frameworks across the board are driving important investments that are delivering significant long-term benefits for our customers.

Of course, another important element of the first pillar of our strategy is achieving constructive outcomes in regulatory proceedings. As Marty will cover in more detail later, we have been very busy in Illinois, managing our electric and natural gas regulatory proceedings. We have been making solid progress in settling important issues with key stakeholders, including agreements in August with the ICC staff and all other active parties on all issues in our pending electric and natural gas distribution rate reviews. We expect final decisions from the ICC in these proceedings by year end and potentially as early as this week.

In Missouri, last week the PSC approved Ameren Missouri's request for a Certificate of Convenience and Necessity, or CCN, to construct and own a 400 megawatt wind generation project. This approval, which came within just five months of our request, followed a unanimous settlement reached earlier this month with all parties to the CCN request.

Further, we have settled with all parties for use of the Renewable Energy Standard Rate Adjustment Mechanism, or RESRAM, for this wind project and other qualifying renewable energy investments. However, there was one unresolved issue as the Office of Public Counsel opposes recovery through the RESRAM of a 15% of capital cost not recovered by PISA. This matter will go to hearing today. We expect a decision from the Missouri PSC by January 2019.

In another positive development, earlier this month Ameren Missouri reached a unanimous settlement with respect to a proposed new energy efficiency plan. This proposed plan would begin in March 2019 and would follow on the heels of our previous successful energy efficiency plans, the first of which began in 2013. If approved by the Missouri PSC, Ameren Missouri intends to invest \$226 million over the life of the plan. Like our prior plans, we believe the new plan appropriately balances customers and shareholder interests by providing for timely recovery of both energy efficiency program costs and revenue losses resulting from these programs.

The proposed plan also provides Ameren Missouri an opportunity to earn a performance incentive if certain customer energy efficiency goals are achieved, including \$30 million if 100% of the goals are achieved by 2022, a similar incentive to the prior two energy efficiency plans. We expect a decision from the Missouri PSC on the proposed new energy efficiency plan later this year.

Finally, another important element of the first pillar of our strategy has been and remains our relentless focus on continuous improvement and disciplined cost management to keep rates affordable and keep earned returns close to allowed returns in all of our jurisdictions.

Turning now to Page 6, next I want to briefly cover the second pillar of our strategy, enhancing regulatory frameworks and advocating for responsible energy and economic policies.

Over the years, we have been successful in executing this element of our strategy through extensive collaboration with key stakeholders in all of our regulatory jurisdictions. As I mentioned a few minutes ago, Ameren Missouri began to use Plant-in-Service Accounting on September 1, which was enabled by the enactment of Senate Bill 564 this year. This legislation will drive significant investment in energy infrastructure while providing robust consumer protections. This provision applies to all qualifying infrastructure investments that we outlined during our conference call in February, and enables approximately \$1 billion in incremental investment through 2023 to modernize Missouri's electric grid, including the installation of smart meters and the deployment of other advanced technologies. These incremental grid modernization investments are expected to be largely additive to our five-year capital expenditure plan, as well as the strong 7% compound annual rate base growth from 2018 through 2022 that we outlined in February. This legislation will also drive economic development in Missouri by creating significant good-paying jobs from these investments.

In addition, Senate Bill 564 includes a meaningful economic development incentive for new or expanding large energy users, consisting of a 40% discount in rates for up to five years. This was a key factor in helping attract the \$65 million manufacturing facility to Eldon, Missouri, which is expected to add 300 new jobs to the region. We believe this is just the beginning of businesses taking advantage of this new incentive. As I have said before, I strongly believe that Senate Bill 564 will deliver significant long-term benefits for our customers, the State of Missouri and our shareholders.

Moving now to Page 7 for an update on our wind generation investment plans, which is directly tied to the third pillar of our strategy, creating and capitalizing on opportunities for investment for the benefit of our customers and shareholders. We continue to make progress in Ameren Missouri's proposed investment in at least 700 megawatts or approximately \$1 billion of wind generation to achieve compliance with Missouri's Renewable Energy Standard.

As I mentioned, the Missouri PSC approved our CCN request to construct and own a 400 megawatt wind generation facility in Northeast Missouri which, when built, will be the largest ever in the state.

In addition, earlier this month we entered into an agreement with a subsidiary of EDF Renewables to acquire after construction a wind generation facility of up to 157 megawatts to be located in Northwest Missouri, and just last week we filed for a CCN with the Missouri PSC for this project. We have requested the Missouri PSC to issue its final order on the CCN request by May 1, 2019.

We are pleased with the progress we have made on our plans to pursue ownership of at least 700 megawatts of wind generation. To date, we have reached agreements to acquire up to 557 megawatts which would meet about 80% of our compliance needs, and as I just noted, we have made significant progress on regulatory approvals.

Of course, we are not done. Our team continues to actively negotiate with several developers to meet our remaining wind generation plans. We remain focused on completing these negotiations, which may continue into early next year. Given the strong progress we have made to date, we remain confident in our ability to complete these negotiations and obtain the necessary regulatory approvals in a timely fashion. We look forward to updating you on our progress on this important component of Ameren Missouri's Integrated Resource Plan during our year-end conference call next February because we believe that we'll deliver clear long-term benefits to our customers, the environment and the communities we serve.

Turning now to Page 8, in February we rolled forward our five-year growth plan, which included our expectation of 5% to 7% compound annual earnings per share growth for the 2017 to 2022 period, using 2017 core earnings per share as a base. This earnings growth outlook was primarily driven by expected 7% compound annual rate base growth over the same period. Importantly, our five-year rate base growth projections did not include the approximately \$1 billion of incremental Ameren Missouri capital expenditures through 2023 associated with the enactment of Senate Bill 564, or the proposed incremental Ameren Missouri investment of approximately \$1 billion in wind generation by 2020. These incremental investments are expected to be largely additive to Ameren Missouri's overall five-year plan outlined in February. We are well underway in updating our capital plan and will provide an update to our long-term growth plans during our year-end conference call next February.

With constructive regulatory frameworks to support investment now in all of our business segments, I believe we are well positioned to continue to execute our strategy that will deliver significant long-term benefits to our customers, the communities we serve and our shareholders. And I believe we will be able to make these investments while keeping rates affordable and competitive as we will leverage a host of opportunities to reduce our costs, including those related to income taxes, delivered fuel, other operations and maintenance, and interest expenses.

In closing, we accomplished a great deal during the third quarter. Our operations were solid and our investments are delivering results which contributed to improved reliability. Our earnings were strong and as a result we increased our 2018 earnings guidance for the second time this year. We reached key settlements on the Illinois Electric Distribution and Natural Gas rate reviews, as well as Missouri's 400 megawatt in wind generation CCN filing which led to quick approval by the Missouri PSC. We officially elected to use Plant-in-Service Accounting in Missouri as provided under Senate Bill 564 which we expect will strengthen our already strong infrastructure investment plans and rate base growth outlook. And this month, we reached a key settlement on Ameren Missouri's new energy efficiency plan filing and also entered into an agreement to acquire after construction another wind generation facility for up to 157 megawatts.

Finally, this month, Ameren's Board of Directors expressed its confidence in our long-term growth plan by increasing the dividend by approximately 4%, the fifth consecutive year with a dividend increase.

Simply put, we are doing what we said we would do. We are executing our strategic plan across all of our businesses, which is driving our strong long-term earnings growth outlook, which, when combined with our solid dividend yield – currently about 3% – we believe results in a very attractive total return opportunity for shareholders compared to our regulated utility peers. The bottom line is that we are delivering superior long-term benefits for our customers, the communities we serve and you, our shareholders.

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

Marty J. Lyons:

Thank you, Warner, and good morning everyone. Turning now to Page 10 of our presentation, today we reported third quarter 2018 GAAP earnings of \$1.45 per share compared to GAAP earnings of \$1.18 per share for the year-ago quarter. Excluding third quarter 2018 and 2017 non-core, non-cash charges for the revaluation of deferred taxes of \$0.05 and \$0.06 per share, respectively, Ameren reported third quarter core earnings of \$1.50 per share compared to core earnings of \$1.24 per share for the third quarter of 2017.

The third quarter 2018 charge reflects a true-up to the revaluation of deferred taxes associated with federal income tax reform resulting primarily from recently issued regulations related to the application of bonus depreciation to 2017.

Turning now to Page 11, the key factors that drove the overall \$0.26 per share increase in core earnings are highlighted by segment on this page. Ameren Missouri, our largest segment, and also the largest driver of the year-over-year earnings improvement, reported an increase of \$0.25 per share from \$0.97 per share in 2017 to \$1.22 per share in 2018. This improvement was driven in part by a \$0.16 per share timing difference between income tax expense and revenue reductions related to federal tax reform which we do not expect will impact full year results.

In addition, the comparison benefited from higher Ameren Missouri Electric retail sales, primarily due to warmer summer temperatures compared to near-normal temperatures in the year-ago period, which contributed approximately \$0.07 per share. For perspective, the weather benefit was largely driven by September temperatures which ranked as the third hottest in St. Louis over the last 50 years.

These favorable impacts were partially offset by a planned increase in Other Operations and Maintenance expenses of \$0.03 per share.

Turning to the other segments, earnings for Ameren Transmission and Ameren Illinois Electric Distribution were up \$0.04 and \$0.03, respectively, reflecting increased infrastructure investments. In addition, Ameren Illinois Electric Distribution's earnings benefited from a higher allowed return on equity under formulaic ratemaking of 8.9% compared to 8.7% for the prior year. The 2018 allowed ROE was based on the 2018 average 30-year treasury yield of 3.1%, up from the 2017 average of 2.9%.

Finally, Ameren Parent and Other results reflected lower net state and federal tax benefits as well as dilution.

In summary, we had a strong third quarter that contributed to increased year-to-date earnings across each of our four operating segments. Details on the year-to-date results are provided in the appendix of our presentation.

Before moving on, I will briefly cover electric sales trends for Ameren Missouri and Ameren Illinois Electric Distribution for the first nine months of this year compared to the first nine months of last year. Weather-normalized kilowatt hour sales to Missouri residential and commercial customers on a combined basis increased a little over 1%, excluding the effects of our energy efficiency plan under MEEIA. Kilowatt hour sales to Missouri industrial customers also increased a little over 1% after excluding the effects of our energy efficiency plan. We exclude MEEIA effects because the program provides rate recovery to ensure that earnings are not affected by reduced electric sales resulting from our energy efficiency efforts. Weather-normalized kilowatt hour sales to Illinois residential and commercial customers on a combined basis increased about 1% while kilowatt hour sales to Illinois industrial customers increased about 2.5%. Recall that changes in electric sales in Illinois, no matter the cause, do not affect our earnings since we have full revenue decoupling.

Overall, the economies in both states remained stable to positive with unemployment in Ameren Missouri's territory at about 3.2% and in Ameren Illinois territory at about 4.3% compared to the national average of 3.7%.

Moving to Page 12 of our presentation, I would now like to briefly touch on key drivers impacting our 2018 earnings guidance. Today we raised our 2018 GAAP guidance range to \$3.30 per share to \$3.40 per share, up from our prior range of \$3.15 per share to \$3.35. This updated GAAP guidance range includes the third quarter non-cash tax related charge of \$0.05 per share I discussed earlier. Excluding this charge, we expect to deliver 2018 core earnings within a range of \$3.35 to \$3.45 per share, a \$0.35 per share increase in the midpoint as compared to our original guidance range of \$2.95 to \$3.15 per share issued in February.

The increase reflects higher Ameren Missouri electric retail sales primarily due to the year-to-date weather benefit of \$0.27 per share as well as continued solid execution of our strategy. This updated guidance assumes normal temperatures for the remaining three months of this year.

Moving to the balance of the year, we list on this page select considerations that affect the comparability of fourth quarter 2018 earnings to last year's fourth quarter earnings. Some of the larger items include the absence of the non-core non-cash charge in the fourth quarter 2017 for the revaluation of deferred taxes associated with federal tax reform; the absence of the fourth quarter 2017 Ameren Missouri Callaway refueling and maintenance outage, as well as the expected reversal in the fourth quarter 2018 of the \$0.12 per share year-to-date timing difference between income tax expense and revenue reductions at Ameren Missouri, also associated with federal tax reform.

Before moving on, I would also like to mention that we expect Ameren Illinois to issue long-term debt in November to repay \$313 million of maturing 9.75% senior secured notes and refinance short-term debt. We expect savings on Ameren Illinois financing costs to be passed directly to Ameren Illinois Electric

Transmission and Distribution customers through formula rates as well as to its Natural Gas customers as a result of the new natural gas rates based on a 2019 future test year.

Moving now to Page 13 for a discussion of select regulatory matters, starting with Ameren Missouri. As Warner mentioned, pursuant to Senate Bill 564, Ameren Missouri elected to use Plant-in-Service Accounting, or PISA, effective September 1. PISA allows us to defer and recover 85% of depreciation expense and return on rate base related to qualifying plant placed in service after September 1. On this page we have provided information to help assist in modeling PISA. I would like to note a return on rate base as well as on accumulated PISA deferrals will reflect Ameren Missouri's pre tax weighted average cost of capital. However, accounting rules only allow for the recognition in earnings of Ameren Missouri's cost of debt until such deferrals are reflected in rates. Therefore, the incremental return on equity will be recognized in earnings when deferred amounts are recovered in rates over the 20-year period following subsequent rate reviews.

Turning to Page 14, regarding Ameren Transmission regulatory matters, there have been recent developments that may impact the base allowed ROE for MISO transmission owners. Earlier this month the FERC issued an order addressing a prior court ruling in the New England ROE case. In its order, the FERC proposed a new methodology for determining the base allowed ROE and is soliciting feedback from participants. A final FERC order in the New England case is not expected until 2019 and we are unable to predict any potential impacts it will have in the pending MISO complaint case. Further, it remains uncertain when the FERC will issue any order in the pending MISO case.

Moving to Page 15 and Ameren Illinois Electric Distribution regulatory matters, in April, we made our required annual electric distribution rate update filing. Under Illinois' formula ratemaking, we are required to file annual rate updates to systematically adjust cash flows over time for changes in cost of service and to true up any prior period over or under recovery of such costs. In August, the ICC staff issued its recommendation which was in agreement with Ameren Illinois request. A decision expected by December with new rates expected to be effective by January 2019.

Moving to Ameren Illinois Natural Gas regulatory matters, earlier this year, we filed with the ICC for an increase in gas distribution rates using a 2019 future test year. In late August we updated our request to incorporate a stipulation agreement with the ICC staff and other active parties on all issues, including a 9.87% allowed ROE, a 50% equity ratio and \$1.6 billion of rate base. A decision is expected by December with new rates expected to be effective by January 2019.

Turning to Page 16, we plan to provide 2019 earnings guidance when we release fourth quarter results in February next year. Using our 2018 guidance as a reference point, we have listed on this page select items to consider as you think about our earnings outlook for next year.

Beginning with Missouri, we expect a return to normal weather in 2019 with decreased Ameren Missouri earnings by approximately \$0.27 compared to 2018 results to date and assuming normal weather in the last quarter of this year. Further, we expect expenses for the scheduled spring 2019 Callaway refueling and maintenance outage to decrease earnings by approximately \$0.10. The 2019 earnings comparison is expected to be favorably impacted by the full-year application of PISA to a higher level of infrastructure investments as well as by lower Other Operations and Maintenance expenses. The expected lower Other Operations and Maintenance expenses are primarily due to the higher than normal scheduled non-nuclear plant outages experienced this year.

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

For Ameren Illinois Electric Distribution, earnings are expected to benefit in 2019 compared to 2018 from additional infrastructure investments made under Illinois formula ratemaking. The allowed ROE under the formula will be the average 2019 30-year treasury yield plus 5.8%. The allowed ROE formula will serve as a natural hedge should interest rates rise.

For Ameren Illinois Natural Gas Distribution, earnings will benefit from higher delivery service rates based on a 2019 future test year and an increase in the allowed ROE.

Turning to Page 17, I will summarize. We expect to deliver 2018 core earnings within a range of \$3.35 to \$3.45 per diluted share as we continually successfully execute our strategy. As we look ahead, we continue to expect strong earnings per share growth, driven by rate base growth and disciplined financial management, and we believe Ameren shares continue to offer investors an attractive yield based on our recently increased dividend. The combination of our growth outlook and attractive dividend yield provides total shareholder return potential that we believe compares very favorably to our peers.

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

Operator:

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

Our first question comes from the line of Ali Agha with SunTrust Robinson Humphrey. Please proceed with your question.

Warner L. Baxter:

Good morning.

Ali Agha:

Good morning. My first question, as you mentioned with your year-end results you'll update your long-term growth forecast as well. I just wanted to get some clarity. What's the base year you're going to use and are you going to extend it to '23? How are you going to deal with the weather impact? Just curious how you're thinking about long-term growth as you look to update that for us?

Marty J. Lyons:

Sure. Again, good morning, Ali. We're giving that consideration at this point in terms of what would be the best approach. As I mentioned last call, one logical approach would be to utilize the 2018 base, but as you noted, we have to consider and be mindful of sort of the non-core items, the weather impacts, the timing of Callaway outages and the like. So, using that 2018 as an alternative, but there are other alternatives as well that we'll be thinking through.

To your point with respect to cap ex and rate base, we certainly do expect to roll forward our outlook for cap ex and rate base out through 2023, and then we'll step back and think about what's the best approach in terms of providing the related earnings per share guidance.

Ali Agha:

Okay. Second question, Marty, as you're thinking about incorporating that incremental cap ex from Missouri Senate Bill 564 and the wind into your planning, can you remind us how much capacity do you have right now in your mind to increase holding company debt beyond current levels, or should we be thinking that any external funding at the Parent likely will be coming from equity? Just to get some framework on how that funding plays out?

Marty J. Lyons:

Sure, Ali. Yeah, as we think about back to the earnings per share guidance that we give long-term, obviously we'd not only incorporate the additions associated with the capital expenditures for 564, wind-related investments and other investments, we'd certainly step back also and think about what's the right financing plan for all of that.

As I said before and on prior calls and conversations, we'll take into consideration a number of things as we think about how best to finance the plan. We're thinking about maintaining the strong balance sheet that's sort of been a hallmark of our operations over time. We're very happy with the credit ratings that we have today. We've worked hard over time to improve our business risk and achieve those credit ratings, so we'll be mindful also of the credit metrics that relate to those ratings. We'll also be thinking of course about these investments and positioning these for success as we roll through regulatory processes; all of that with the backdrop of certainly thinking about how to maximize shareholder value.

I can't tell you exactly or give you a number in terms of exactly how much balance sheet capacity we'd think about in terms of additional holding company debt, but I think those other considerations that I laid out are the primary ones that we'd think about.

Ali Agha:

Got it. Last question, just as you think about this potential billion dollars of additional cap ex over five years in Missouri, can you remind us how much capacity do you have to potentially increase that? Because I know there's a rate cap test and other tests that come into play as well, but theoretically how much more capacity would you have if you had opportunities to go above the billion dollars?

Marty J. Lyons:

In terms of the rate cap, you're absolutely right. I mean what we have in Missouri is under the new 564 regime that we embarked upon on September 1 is that we need to stay under a 2.85% compound annual growth rate through 2023 with the beginning of that growth rate reflecting the rate case outcome we had last spring. Of course, as related to that base we get to take into account half of the savings from the federal tax benefit.

But look, Ali, I think as we go ahead, as we said, we expected that adoption of 564 would allow us to invest that incremental billion dollars. Going back a couple of years we laid out over a 10-year period the opportunity to invest an additional \$4 billion of capital over a 10-year period, so clearly as we look out there are other investments that we think that we could make over time for the benefit of our customers, and we'll be considering which of those investments we think are prudent to make over time and at what time as we think about planning out our projects and executing them well.

I think our goal over time is to deploy capital in a prudent way to improve service to our customers. As Warner said earlier, to benefit our communities, to add jobs, and we'll be thinking about how best to do that and stay under that cap.

I will tell you, as it relates to the cap – we have said this before – some of the things that we do see as opportunities to help us in terms of the areas of cost, not only are the savings from the federal taxes which we were able to utilize just here, earlier this year to reduce customer rates 6%, but we also see continuing opportunities from refinancing some higher cost debt. We've got about \$650 million of maturities between now and 2020 at higher rates than exist today. We see an opportunity to lower our financing costs for our customers. We also see the opportunity to realize benefits from lower delivered fuel costs, which we'll begin to see the savings from that this year and into next year, and over time also we'll look to keep tight controls on our O&M expenses, and certainly as we roll out some of the grid modernization benefits or grid modernization investments, certainly look for opportunities to utilize those also to keep tight control on our O&M.

Warner L. Baxter:

Ali, this is Warner. I think that Marty did a great job summarizing. I think to summarize it, we have a deep pipeline of investments that can bring significant benefits to our customers, not just in Missouri but frankly across the board. Secondly, Marty outlined a host of cost opportunities for affordability to keep our customers' rates low, not just in Missouri but across the board.

So, we look at the pipeline plus affordability is going to have us move forward with a strong, sustainable growth plan.

Ali Agha:

Thank you very much.

Operator:

Thank you. Our next question comes from the line of Julien Dumoulin-Smith with Bank of America Merrill Lynch. Please proceed with your question.

Warner L. Baxter:

Morning, Julien. How are you doing?

Julien Dumoulin-Smith:

Hey, good morning. Can you hear me?

Warner L. Baxter:

We can hear you fine, thank you.

Julien Dumoulin-Smith:

Excellent. Perhaps just to clarify the last question a little bit further, where do you stand with respect to your FFO to debt targets with the agencies and how much latitude do you have with that respect? Just to ask it a slightly different way.

Marty J. Lyons:

Sure. Julien, this is Marty again. You know, our credit ratings, the issuer ratings, and we list these in the appendix to our slides, at S&P we've got a BBB+ with a positive outlook; the FFO to debt threshold

they've set for us there is at 13%. As it relates to Moodys, the Parent issuer rating is Baa1, and the threshold they've set there for us on FFO to debt is 19%. Those are the benchmarks that we have today. That 19% also by the way is what they use, Moodys uses both at Missouri and Illinois relative to their existing rating. So, those are the thresholds that we've set. We've not articulated, I'd say, exactly where we are relative to those, but as you can tell from the positive outlook at S&P and the fact that we've got a stable rating at Moodys should tell you something about where we sit relative to those metrics.

Julien Dumoulin-Smith:

Excellent. Then just understanding a little bit more about the capital opportunity plan here, perhaps leaving behind Missouri but focusing elsewhere, it looks like Transmission spend in the MTEP looks up in the draft. Also, curious on any thought process of any potential legislation in Illinois next year. How are you thinking about the various pieces that may or may not already be reflected in your existing capital plan aside for the roughly \$2 billion between wind and grid mod that you've already articulated here. Just want to make sure we're fully inclusive here of some of the other potential factors.

Warner L. Baxter:

Sure, Julien. This is Warner. I would say this. Obviously we have a very robust five-year plan and we have identified in that plan the opportunity for an incremental \$2 billion, one for grid mod and another for wind investment in Missouri, but as I've said before, our plan isn't just a five-year plan. Our team is focused on creating an infrastructure pipeline to bring benefits for our customers for years 6 through 10, and then go out to 15. As we look at, in Illinois, we believe that the MAP program was certainly a 10-year program but I know Richard and his team continue to believe that they have robust distribution projects to continue to enhance service to our customers, whether it's in substations, whether it's continue to automate the grid. Obviously we'll have the smart meters done, but we continue to see opportunities there, and in our gas business as well. We're investing more money in that gas business with that constructive framework. We believe there could be some new regulations coming down the pipe that will ultimately require additional investments there, but we believe too that there are opportunities.

When you think about Transmission, we obviously have outlined the investments that we're making there, both in multi-value and reliability projects. But you step back and you look at what's going on in MISO with all the renewable energy projects that are coming online and a lot of interconnection agreements are being put in there. There could be an opportunity down the road to have more robust transmission planning and investments. I can't predict whether there will be another round of multi-value projects, but when you look at the level of renewables coming into that space, that's something to step back and think about beyond the five-year horizon. So, I would say that we feel very strongly. We're not just focused in on 5; we're focused on years 6 through 15.

You made a passing comment about Illinois legislation. Look, we're focused on executing the plan. This is not something that is at the top of our list of things to focus on in Illinois, but of course, we're always engaged in the framework and the policy discussions in Illinois, just like we are in Missouri and at the federal level.

Hopefully that gives you a good insight in terms of how we think about the business.

Julien Dumoulin-Smith:

Excellent. Thank you all.

Operator:

Thank you. Our next question comes from the line of Insoo Kim with Goldman Sachs. Please proceed with your question.

Insoo Kim:

Good morning guys.

Warner L. Baxter:

Good morning, Insoo.

Marty J. Lyons:

Morning, Insoo.

Warner L. Baxter:

How are you doing today?

Insoo Kim:

Good, good. Just maybe focusing on the '18 guidance raise this quarter. The \$0.15 at the midpoint, I know a part of that was due to better than normal weather for the quarter, but what's making up some of the other items that are contributing to the increase, and is that more timing related or something more sustainable that could help in 2019 and beyond.

Marty J. Lyons:

Insoo, this is Marty. The timing item we noted is really intrayear, I would say, so it's important to understand that year-to-date we have had a \$0.12 benefit from the timing of income tax expense reductions versus income tax related revenue reductions associated with federal tax reform. I think it's important to note that \$0.12 benefit will reverse in the fourth quarter. So, I wanted to say that. It will be earnings neutral for the year.

Back to your question though, at the midpoint of our guidance, our core guidance which is \$3.40, if you back out the benefit we have weather year-to-date, which is \$0.27, the net of that is about \$3.13, again at a midpoint on a weather-normalized basis, which does compare favorably to the midpoint of the guidance we gave out at the beginning of the year at \$3.05, about \$0.08. I think where you'll really see that is when you look at our slides and you look at the benefit that we've had year-to-date of sales on nine-month to date basis versus the impact of weather, what you find there is an incremental benefit from sales of about \$0.05.

I talked about some of the positive sales trends on our call in our prepared remarks, but those positive sales trends are helping this year, and I'd say that's the bulk of the driver of the guidance range when you back out weather.

Insoo Kim:

Got it. Do you provide a longer term outlook growth excluding EE type of growth rate?

Marty J. Lyons:

What we typically talk about is including EE. We're seeing—today what we gave out is some of the growth we're seeing year-to-date. Again, in Illinois, where we're seeing some growth which is positive, we're decoupled there so I'd focus on the Missouri growth. There we're seeing residential and commercial growth excluding energy efficiency of a little over 1%, and industrial growth too of a little over 1%, so those are positive trends. As I remarked on our last call, that's underpinned by some strong I think economic data. We're seeing job growth. We're seeing unemployment down in Missouri at about 3.7%, so below the national average. Importantly, we're seeing residential and commercial customer counts increasing in each of those, more than half a percent in terms of incremental customer counts. So, I think those are some positive trends.

Longer term, we're still thinking that inclusive of the impact of energy efficiency we're going to expect to see about flattish growth. As we move through time and we assess the results, giving thought to the positive economic signs we're seeing and weather, there shouldn't be any change in our guidance longer term, but like I said, for now we're thinking that inclusive of the energy efficiency, which is both the energy efficiency that we promote but also sort of just natural energy efficiency that's coming through national standards, again, we're expecting about flattish over time.

Insoo Kim:

Understand. Maybe just one more question. On the dividend, I know the payout of 55 to 70 target, you guys are currently at the lower end of that. Given the potential upside to capital and rate base growth you could see in the various jurisdictions, would the assumption be that the payout will remain in the lower half of that range for the foreseeable future?

Warner L. Baxter:

Insoo, this is Warner. Look, I think big picture we targeted between 55% and 70%, so we're not saying where we're going to be in that picture. But as I said earlier, look, I'm pleased that the Board raised the dividend for the fifth consecutive year, and I think it clearly reflects their confidence of with our long-term growth plan. So, yeah, we continue to be very comfortable with expressing our dividend in terms of the payout range and that coupled with a very strong rate base growth plan we think is delivering very strong total shareholder returns.

Insoo Kim:

Understood. Thank you very much.

Warner L. Baxter:

Thank you.

Operator:

Thank you. Our next question comes from the line of Greg Gordon with Evercore ISI. Please proceed with your question.

Warner L. Baxter:

Good morning, Greg.

Greg Gordon:

Good morning, guys.

Marty J. Lyons:

Hey, Greg.

Greg Gordon:

A pretty thorough Q&A already so just some quick clean up on Page 8 of the handout. The potential wind generation investment in Missouri, the \$1 billion, I think you lay out on another slide that those would be build-own-transfer projects. Is that correct? If you're successful.

Warner L. Baxter:

Yes. They're build-transfer agreements, Greg. I'm sorry, this is Warner. That's correct. The two that we've entered into.

Greg Gordon:

They would impact earnings when acquired. There would be no buildup of AFUDC or capitalized interest, etc. because you would simply transact upon close. A, is that correct? And B, what's your best guesstimate as to when—I know there's probably a range of outcomes as to when they're delivered, but when would be a good placeholder for our modeling assumptions.

Marty J. Lyons:

Sure. Greg, this is Marty. First you're correct in terms of your assumption around AFUDC financing. Characteristic of the build-transfer agreement is that the developers will finance during construction and we'll take ownership when the projects are complete, and it's at that point that we would have financing costs and revenues associated with those projects. You're absolutely right in your thinking of those.

In terms of progress on the projects, we were pleased, for example on the Terra-Gen Project, the first 400 megawatts, to be able to get a settlement with parties to that case and just recently here get a Certificate of Convenience and Need from the Commission in a five-month timeframe, so I think that's a good step forward and bodes well, we believe, for approval in future projects.

That said, another hurdle we have to get through is to get through the MISO interconnection process and get those approvals and certificates to move forward. So, ultimately we believe that these projects will go into service in 2020; that is our goal because that's when the PTC maximum value is realized. Then when in 2020, it's hard to say, Greg. It'll really depend on how we get through some of these MISO interconnection process, how construction goes, but ultimately the goal is to get these in service by the end of 2020.

Greg Gordon:

Okay. So they may have a material impact on 2020 earnings, but they'll definitely be fully loaded, so to speak, in 2021.

Marty J. Lyons:

Yes, I think that's the right way to think about it, Greg.

Greg Gordon:

Perfect. One follow-up. On the grid mod investments through 2023, the \$1 billion, when would they—is that going to be sort of a ratable spend over a period of years? Do you expect that to be back end loaded? How should we think about that feathering to your plans?

Michael L. Moehn:

Greg, it's Michael Moehn. I think previously we said that it's going to be fairly ratable at this point. So, I mean I think it's probably the right way to look at it beginning in '19.

Greg Gordon:

Beginning in '19. Great. Okay, thank you guys very much. Have a great day.

Warner L. Baxter:

Thank you, Greg.

Marty J. Lyons:

Thanks, Greg.

Operator:

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

Marty J. Lyons:

Good morning, Stephen.

Stephen Byrd:

Good morning. Good morning. Congratulation on the ...

Marty J. Lyons:

How are you doing?

Stephen Byrd:

Good, good. Congratulations on the good results.

Warner L. Baxter:

Thank you, I appreciate it.

Marty J. Lyons:

Thanks, Stephen.

Stephen Byrd:

I just wanted to talk about the wind program that you have, the 700 megawatts, or the up to 700 megawatts. If you did find that there were more opportunities that were beneficial to customers because wind economics continue to get better, could you remind of us just the regulatory process you would go through if you wanted to go back and suggest that, "Hey, we should actually upsize this to above 700 megawatts," how would that work out in the regulatory arena?

Warner L. Baxter:

Stephen, I'll kick it off and then I'll turn it over to Michael to make sure we have the regulatory process nailed down. The bottom line, if we see opportunities in renewable generation—and here we're talking about wind that are beneficial for customers—we will lean forward and move forward with those projects. Even when we announced this at the Integrated Resource Plan sometime, gosh, I guess it was last year, we said that they're not only just to meet the renewable energy standard, but also opportunities to invest more in wind or solar should the economics continue to come down, and so we will look at that.

Michael, why don't you talk about the specific process, should we choose to do that in the future, what that would look like.

Michael Moehn:

Yes. Again, the 700 megawatts is obviously to comply with the renewable standard that's in the state. I mean it would really take a very similar process, honestly, if we identified other projects that for the benefit of our customers, going through and applying for that CCN, and going through that stakeholder process and going through and getting those interconnection agreements done, all those things that we're doing as part of the 700 megawatts today.

Stephen Byrd:

Understood. Okay, so very much similar to how you've approached it so far. Then just I wanted to make sure I was thinking about the cap on customer bills, the 2.85% compound impact. Given the benefits that you've had from tax reform and other dynamics, but also factoring in the spending plans you have, how much additional headroom do you have over and above factoring in everything that you sort of announced to date in terms of additional headroom over the period?

Marty J. Lyons:

Stephen, this is Marty. In terms of that, I'd say we haven't really talked about a headroom, if you will. What we've said is that we do feel very comfortable that the \$2 billion of additional spending that we've been talking about, which we've said numerous times we think it would be largely additive to our capital expenditure plan, that we can fully achieve that and stay under that cap with some margin. I haven't specified what that margin is, but I've talked a lot about—and did earlier on this call—the various benefits that we see in terms of helping to keep rate growth low. Part of it is the federal taxes, part of it is the delivered fuel we've talked about, part of it the refinancing, and part of it is the continued discipline around O&M including benefits that we expect will come with some of the grid modernization investments we're making.

Stephen Byrd:

Understood. That's all I had. Thank you.

Marty J. Lyons:

Great.

Warner L. Baxter:

Thank you, Stephen.

Operator:

Thank you. Our next question comes from the line of Paul Patterson with Glenrock Associates. Please proceed with your question.

Warner L. Baxter:

Hello, Paul.

Paul Patterson:

Hey, how are you doing?

Warner L. Baxter:

I'm well. How are you?

Paul Patterson:

All right. I know you guys don't want to predict the ISO New England impact on the MISO complaint case, however, I'm sure you guys have been doing some number crunching on what you guys sort of might—if the proposed methodology that FERC is employing there were to be employed in MISO's case, could you give us a little bit of a sense as to what you think it would come up with in the base ROE complaint case?

Marty J. Lyons:

Paul, your instincts were correct. We think it's premature really to estimate the impact or potential impact on the MISO complaint.

I'll say this. We do think it's a positive that the FERC is taking steps to address the ROE uncertainty. We think that's positive. We also think that the proposal that they've made is a step in the right direction, but we say it's premature because as you well know it's really a proposal, requesting comments if you will, briefs from parties in the New England case. Things could change over time.

So, we think it's a positive step but there's still a ways to go. Of course, as you know, the FERC is really under no timeline to rule here. They've got briefs that are due in mid-January, so we do think the FERC will take action in 2019 and we'll stay closely posted. Over time I think as they work through the methodology, we will have to take a look at our cases. Each case, as you know, has somewhat different facts and data and things are subject to interpretation, so we'll be assessing all of that. But we think as we sit here today it's really premature to comment on your specific question.

Paul Patterson:

Okay. Fair enough. Then on the—could you just remind in terms of the current growth rate that you guys have, what the forecast for the 30-year treasury is in terms of that?

Marty J. Lyons:

Yeah, in terms of the guidance we've give today, and I think what you're talking about is our current guidance of 5% to 7% compound EPS growth out through 2022, really that accommodates a range of interest rates and ROEs as well as other things like capital spending levels, rate case outcomes, economic conditions, but specifically on your question, we've said over time that really accommodates a range of treasury rates and ROE levels. There's not a specific ...

Paul Patterson:

You're not using that Blue Chip thing that you guys were using before?

Marty J. Lyons:

No. You have a good long memory though, going back probably five years ago or so we did use that as an anchor on our guidance, but no, we've gotten away from that over time.

Paul Patterson:

Okay. Then just finally on the one-time impact, that \$0.05, what caused the tax valuation to happen this quarter, I guess? Do you follow what I'm saying regarding the TCJA? Why that ...

Marty J. Lyons:

Yeah, I do. When they put out their rules last year, they—everybody made their best assessment with respect to certain transition provisions that we all had to make a good faith estimate, but understanding that as rules and regulations were clarified that there would be some updates. In this particular case, the primary driver was that we got some guidance from IRS with respect to how to deal with the transition of bonus depreciation as it related to 2017. We received that guidance and as we filed that tax return here in the third quarter for 2017, that caused us then to go ahead and true up the revaluation that we did at the end of last year. That's in a nutshell what happened.

Paul Patterson:

Okay, great. Thanks so much.

Warner L. Baxter:

Thanks, Paul.

Operator:

Our next question comes from the line of Anthony Crowdell with KeyBanc Capital Markets. Please proceed with your question.

Warner L. Baxter:

Hello, Anthony.

Anthony Crowdell:

Good morning. I think I may just be beating a dead horse here. I just wanted to go through a quick housekeeping. At the end of the second quarter guidance was \$3.15 to \$3.35. You've raised the midpoint now I believe \$0.15, but weather you're saying is \$0.06; is the remainder \$0.09 the timing of the tax item?

Marty J. Lyons:

No, it's not. No, the tax item is really excluded. If you look at—in particular if you look at Slide 12 that we gave out, we talked about what the GAAP EPS raise was and then the core EPS, so when you look at the core EPS range of \$3.35 to \$3.45, that excludes the impact of that \$0.05. So the midpoint there of the \$3.35 to \$3.45 is of course \$3.40. If you compare that back to the beginning of year midpoint, the beginning of the year midpoint was \$3.05, so you can see the delta then. Of that, \$0.27 is weather, so if you back out weather from the \$3.40, you get to \$3.13 and that is indeed about \$0.08 higher than the midpoint of our beginning of year guidance.

The big driver of that when you look through the slides and you have a chance to look through the detail is that we have seen sales growth that is contributing more than the \$0.27 of weather, and in fact if you do the math that sales growth is about \$0.05.

When you think about why is the guidance going up, part of it is weather. A large part of it is weather. There's also about \$0.08 of other stuff and the primary driver of that is incremental sales not associated with weather which we estimate to be about \$0.05.

Anthony Crowdell:

I follow that but I can't do the same for what happened after the second quarter to the fourth quarter, just going by the—because you seem to keep flitting back to the original core EPS. Can I do the same with what you updated the second quarter to now?

Marty J. Lyons:

Yes, you can. Yes, you can and the answer will be the same, that it's really sales growth over the course of the year that's allowing us to, amongst other things, to raise the guidance. You can absolutely do the same thing rolling forward from the guidance we had last quarter.

Anthony Crowdell:

Great. Thanks for taking my question.

Marty J. Lyons:

You're absolutely welcome.

Operator:

Thank you. Our final question comes from the line of Ashar Khan with Verition. Please proceed with your question.

Ashar Khan:

Hi. Good morning.

Warner L. Baxter:

Good morning, Asher. How are you?

Ashar Khan:

Pretty good. Just going on the 2019 considerations slide, this year you were banking on O&M to be higher, if my memory is correct, by about \$0.14. Can we assume that the detriment could be a similar amount next year? Could you provide kind of a little bit the same, less or more? I'm just trying to get a better sense to cause that factor as we look into next year.

Marty J. Lyons:

Ashar, you're absolutely right. We had suggested at the beginning of the year that the O&M would be up about \$0.14 year-over-year excluding Callaway, and if you look through the year-to-date considerations and you look at our guidance for the balance of the year, I think what you'd find is it would be about \$0.16 up year-over-year. But we do not expect that all of that would be erased next year. We do, as we suggest on the slide, the slide you point to, Slide, 16, we do expect O&M non-Callaway related O&M in Missouri to be down next year but not that entire \$0.16.

Expect it to be down to some extent, but not the full amount.

Ashar Khan:

More than \$0.10 or so, Marty?

Marty J. Lyons:

You know, Ashar, I appreciate your desire to pin me down on that but I'd say just to this point we expect it to be down some. As you might imagine, we're still looking to finalize our plans for '19. Those are not set in stone, but we do have clarity that we do expect the number to be down.

Ashar Khan:

Okay, thank you.

Operator:

Thank you. There are no further questions at this time. I would like to turn the call back over to Mr. Kirk for any closing remarks.

Andrew Kirk:

Thank you for participating in this call. A replay of the 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 analyst inquiries should be directed to me, Andrew Kirk. Media should call Erin Davis. Again, thank you for your interest in Ameren, and have a great day.

Operator:

Thank you. This conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation and have a wonderful day.