



Ameren Corporation
Second Quarter 2019 Earnings Call
August 2, 2019

FORWARD-LOOKING STATEMENTS

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

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

ability to recover the costs for such commodities and credits and our customers' tolerance for any related price increases;

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

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

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

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

Andrew Kirk, *Director, Investor Relations*

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

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

Michael Moehn, *Chairman and President, Ameren Missouri*

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

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

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

Insoo Kim, *Goldman Sachs*

Ali Agha, *SunTrust Robinson Humphrey*

Sophie Karp, *KeyBanc Capital Markets*

Greg Orrill, *UBS*

Neil Kalton, *Wells Fargo Securities*

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

Operator:

Greetings and welcome to the Ameren Corporation Second Quarter 2019 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, Andrew Kirk, Director of Investor Relations for Ameren Corporation. Thank you, Mr. Kirk. You may begin.

Andrew Kirk:

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

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

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

Warner Baxter:

Thanks, Andrew. Good morning everyone and thank you for joining us. Earlier today we announced second quarter 2019 earnings of \$0.72 per share compared to \$0.97 per share earned in 2018. A summary of the key drivers of the year-over-year decrease of \$0.25 per share is provided on Slide 4, which Marty will discuss in more detail in a moment.

I am pleased to report that despite some weather-related headwinds in the second quarter, we continue to effectively execute our strategic plan and today reaffirmed our 2019 earnings guidance range of \$3.15 per share to \$3.35 per share, reflecting solid year-to-date results.

In particular, I would like to note that during the second quarter some of our customers and the communities we serve were affected by historic flooding and tornadoes. While the impact on our operations and financial results was manageable, the impact on our customers and communities by these severe weather events was in some cases devastating. Our thoughts and prayers remain with those who have been affected by these events. We continue to work with our customers, local communities, agencies and governmental leaders to help our customers in several ways, including providing energy assistance funds.

I also want to thank our co-workers for their extraordinary efforts to safely restore service to our customers, maintain safe and reliable service throughout our operations, as well as volunteering their time to help those in need during this challenging period. It was clearly a tremendous team effort.

Moving to Page 5, here we reiterate our strategic plan which we have been executing very well throughout the year. We expect our plan to continue delivering significant value for our customers and strong long-term earnings growth for our shareholders.

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

As you can see on the right side of this page, during the first half of the year we invested significant capital in each of our business segments to better serve our customers. These investments are delivering value to our customers. Our energy grid is becoming more reliable, resilient and secure. New smart meters are providing our customers with better tools to manage their energy usage and our digital technology

investments are enhancing our customers' experience with us. Of course, we're not done. Looking ahead, we continue to see the need for robust energy infrastructure investments to meet our customers' energy needs and exceed their rising expectations. And, we remain relentlessly focused on operational excellence, continuous improvement and disciplined cost management to keep our customers' costs competitive and affordable. For example, in mid-May, we completed the 23rd nuclear refueling and maintenance outage at Ameren Missouri's Callaway Energy Center safely, on time and on budget. This is just one example of many focused efforts across the country that has helped keep our electric rates in both Missouri and Illinois well below the Midwest and national averages.

Speaking of keeping our electric rates low and competitive for our customers, in early July Ameren filed a request for a \$1 million decrease in annual electric service revenue with the Missouri Public Service Commission. This marks the second potential reduction in electric rates since August 2018. The request incorporates the benefits of lower coal and transportation expenses, as well as other operating costs and provides for recovery of and a return on important new infrastructure investments. This filing also provides flexibility to time our next rate review to include wind generation investments planned for the fourth quarter of 2020. We look forward to working with the Missouri PSC staff and other stakeholders on this important matter in the months ahead.

I am also pleased to report that in late July Ameren Missouri was able to reach a non-unanimous stipulation and agreement in our pending natural gas rate review. Consistent with our focus on keeping our customers' energy costs competitive and affordable, this agreement will lower Missouri's natural gas customers' rates by \$1 million as well and will continue to enable us to use the gas infrastructure recovery mechanism between rate reviews to support important and timely investments for our natural gas customers in the future.

These two Missouri rate review filings are in addition to Ameren Illinois' annual electric formula rate update request for a \$7 million rate decrease filed in April. Marty will go into more detail on both the Missouri electric and gas rate reviews as well as the Illinois electric rate update in a moment.

As you can see, we are clearly focused on keeping our customers' costs competitive and affordable while we make significant investments in energy infrastructure investments to deliver long-term value.

Moving to the second pillar of our strategy, which includes enhancing regulatory frameworks, as you know, constructive electric grid modernization legislation that would extend electric formula ratemaking through 2032, while widely supported, was not brought to a vote before the full Illinois General Assembly due to other legislative matters taking priority during this year's General Session. It is clear that modernized energy policies in Illinois, including formula ratemaking, are driving significant incremental investments in its electric and natural gas energy infrastructure. Together, these investments are not only delivering meaningful long-term benefits to our customers at affordable costs, but they have also created thousands of new jobs in the state of Illinois. With these benefits in mind, policymakers have already extended electric formula rates twice since 2012, which are currently effective through 2022. We will continue to work to extend this important grid modernization legislation again in the future.

This fall, the Illinois legislature is scheduled to conduct its annual veto session where the electric grid modernization legislation and other proposed energy legislation could be considered. At this time, it is premature to predict whether any of these legislative proposals will be addressed during the veto session.

Turning to Page 6 for an update on the third pillar of our strategy which includes creating and capitalizing on opportunities for investment for the benefit of our customers and shareholders. Here, we outline our renewable energy investment plans to achieve compliance with Missouri's Renewable Energy Standard and continue to transition our generation portfolio. We had previously announced three build-transfer agreements for a total of 857 megawatts of wind generation at an estimated cost of approximately \$1.4

billion and, as you might recall, the capital spending and related rate base guidance that we provided to you in February of this year included approximately \$1 billion for 557 megawatts of wind generation to be placed in service in 2020. There have been several recent developments with our wind generation projects to update you on.

I will begin with our build-transfer agreement with EDF for a 157 megawatt facility, the smallest of our three projects. Last week Ameren and EDF mutually agreed to terminate this project due to unacceptably high transmission and interconnection cost estimates that were received from both MISO and SPP during the second of three phases of interconnection cost studies. During this phase of the process it was determined that the addition of this wind project would require significant costs to enhance the transmission system. These projected costs were far greater than those anticipated in MISO's estimate after the first phase of this process. We simply had to terminate this project due to the unacceptably high transmission costs that made this project no longer economic and not in the best long-term interests of our customers. Of course, we are disappointed that we had to take this action. We felt that the EDF wind facility had the potential to bring significant value to our customers and the state of Missouri.

That said, we are very pleased with progress on our larger proposed wind generation investments, a 400 megawatt wind facility located in Northeast Missouri and a 300 megawatt wind facility located in Northwest Missouri. In particular, in May 2019 we announced that Ameren Missouri reached an agreement with a subsidiary of Enel to acquire after construction a 300 megawatt wind facility. Shortly thereafter, we filed for a Certificate of Convenience and Necessity, or CCN, with the Missouri PSC. I am very happy to report that this week we reached a non-unanimous stipulation and agreement with the Missouri PSC staff and other parties that recommended that Missouri PSC grant the CCN for this project. The Missouri PSC decision is expected by October. If ultimately approved, this CCN would be in addition to the previously granted CCN for the 400 megawatt Terra Gen wind facility.

Notably, in light of my comments a few minutes ago on transmission interconnection costs, I am also pleased to inform you that we have already received the third and final phase transmission interconnection cost estimates from MISO for both projects, which were in line with our expectations. We expect to finalize the interconnection agreements later this fall.

We believe we are very well positioned to obtain all necessary regulatory approvals and move forward with the timely construction of these two important renewable energy projects for the State of Missouri. Both facilities will be significant additions to our renewable energy portfolio and are expected to be in service in the fourth quarter of next year. As a result, we expect to see meaningful contributions to earnings in 2021 from these investments.

To summarize, we now have in place build-transfer agreements for 700 megawatts of wind generation. Together, our investment in these two projects is expected to approximate \$1.2 billion or approximately \$200 million in excess of the capital spending and rate base guidance we provided to you in February.

At this time, these investments are also expected to fulfill our needs to comply with the Missouri Renewable Energy Standard in 2021. We will continue to explore additional renewable energy investment opportunities that will drive long-term value for our customers and shareholders. These opportunities include our previously announced Renewable Choice Program. This Missouri PSC-approved program allows large commercial and industrial customers and municipalities to elect to receive up to 100% of their energy from renewable resources. The program enables us to supply customers with up to 400 megawatts of wind generation, of which up to 200 megawatts we could own. We are still in early stages of this program.

Further, and consistent with Ameren Missouri's Smart Energy Plan, this month we expect to file CCNs with the Missouri PSC to build three solar plus storage facilities across the state. Each location will connect solar energy generation and battery storage. The installations are expected to be completed by the end of 2020

and will be the first of their kind in the state. Importantly, these proposed facilities will bring increased reliability to our customers in a cost-effective manner.

Finally, we will assess additional renewable generation opportunities for the benefit of our customers in the context of our next comprehensive Integrated Resource Plan, which we plan to file in September 2020. Needless to say, we have a lot of exciting things going on in the renewable energy space in Missouri.

Moving now to Page 7. To sum up our value proposition, we believe that the execution of our strategy in 2019 and beyond will continue to deliver superior value to our customers and shareholders. In February, we rolled forward our five-year growth plan, which included our expectation of 6% to 8% compound annual earnings per share growth for the 2018 through 2023 period, using 2018 weather-normalized core earnings per share as a base. This earnings growth is primarily driven by expected 8% compound annual rate base growth over the same period and I will point out that we have a strong pipeline of investments to benefit our customers in the future.

Our strong earnings growth expectation positions us well for future dividend growth. Of course, future dividend decisions will be driven by earnings growth, in addition to cash flows and other business conditions. Together, we believe our strong earnings growth outlook, combined with our solid dividend which currently provides a yield of approximately 2.5%, results in a very attractive total return opportunity for shareholders.

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

Marty Lyons:

Thanks Warner and good morning everyone. Turning now to Page 9 of our presentation, as Warner mentioned,, today we reported second quarter 2019 earnings of \$0.72 per share, compared to earnings of \$0.97 per share for the year-ago quarter. Here we highlight the key factors by segment that drove the overall \$0.25 per share decrease.

Ameren Missouri, our largest segment, reported decreased earnings of \$0.25 per share. This reflected lower electric retail sales, which decreased earnings by an estimated \$0.22 per share, primarily due to mild early summer temperatures in the quarter compared to extremely warm temperatures in the second quarter of last year. Ameren Missouri's results also reflected this year's scheduled refueling and maintenance outage at our Callaway Energy Center that reduced earnings by \$0.08 cents per share compared to 2018 when there was no refueling outage. The next Callaway refueling is scheduled for the fall of 2020. These items were partially offset by the positive comparative impacts of timing differences in 2018 related to federal tax reform, which are not expected to impact full-year earnings comparisons.

Earnings for Ameren Illinois Natural Gas were down \$0.01 per share, primarily due to a change in rate design, which is not expected to impact full-year results.

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

Earnings per share for Ameren Transmission and Ameren Illinois Electric Distribution were up \$0.02 and \$0.01, reflecting increased infrastructure investments. In addition, Ameren Illinois Electric Distribution's earnings reflect a lower expected allowed return on equity under formulaic ratemaking of 8.5% in 2019 compared to 8.9% for the prior year. The 2019 ROE is based on a projected 2019 average 30-year Treasury yield of 2.7%, down from the 2018 average of 3.1%.

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

Weather-normalized kilowatt-hour sales to Missouri residential and commercial customers, on a combined basis, increased 1% excluding the effects of our energy efficiency plan under MEEIA. Kilowatt-hour sales to low-margin Missouri industrial customers decreased 2.5% after excluding the effects of our energy efficiency plan. We exclude MEEIA effects because the plan provides rate recovery to ensure that earnings are not affected by reduced electric sales resulting from our energy efficiency efforts.

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

Moving then to Page 10 of our presentation, despite the weather related headwinds discussed earlier, our year-to-date results are solidly on track and we continue to expect 2019 diluted earnings to be in a range of \$3.15 to \$3.35 per share.

Select earnings considerations for the balance of the year are listed on this page. I will not comment specifically on these considerations since they are largely self-explanatory and consistent with the 2019 earnings drivers and assumptions discussed on our February earnings call and the balance of year considerations outlined on our first quarter call.

Moving now to Page 11, here we begin to outline in more detail our recently filed Missouri electric rate review that Warner mentioned earlier. Base rates were last reset April 1, 2017 and are required to be reset at least every four years to allow for continued use of the fuel adjustment clause. This filing will allow us to meet that requirement and provide flexibility to time our next rate review to include our wind generation investments. A Missouri PSC decision is expected by late April 2020 with new rates expected to be effective in late May. Now, let me take a moment to go through the details of this filing.

The request includes a 9.95% return on equity, a 51.9% equity ratio, and a December 31, 2019 estimated rate base of \$8 billion. It is based on a 2018 test year with certain pro-forma adjustments through the end of 2019 and January 1, 2020.

Further, as outlined on Page 12, the key drivers of our \$1 million annual revenue decrease include decreased net energy costs, otherwise subject to recovery through the fuel adjustment clause, reflecting lower coal and transportation expenses; a higher level of weather-normalized customer sales volumes to recover costs; decreased expenses, other than net energy costs, of which a portion was otherwise subject to regulatory recovery mechanisms, and recovery of and return on increased infrastructure investments made for the benefit of our customers, including those otherwise deferred under plant-in-service accounting or PISA.

We have received a number of questions with respect to PISA mechanics between rate reviews and in this rate review. While PISA meaningfully reduces regulatory lag, we still experience some lag on recovery of depreciation expenses and the return on projects placed in-service between rate cases. PISA allows us to defer and recover 85% of depreciation expense and return on rate base related to qualifying plant, which is nearly all plant placed in-service. Such deferrals continue to accumulate until the related plant becomes part of rate base included in a subsequent rate review. As a result, 15% of such costs continue to result in lag between rate reviews. In addition, accounting rules only allow for the recognition in earnings of Ameren Missouri's cost of debt with respect to the 85% of return on rate base deferred under PISA until such deferrals are reflected in rates. This results in a temporary lag in reported returns but no ultimate economic loss. Of course, we seek to manage Ameren Missouri's business to reduce regulatory lag inherent in its

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

Moving now to Page 13 for other regulatory reviews. In December 2018 we filed a natural gas rate review with the Missouri PSC. In late July, we reached a non-unanimous stipulation and agreement with the Missouri PSC staff and certain intervenors for a \$1 million annual revenue reduction and no other parties to the rate review object. While this was a black box agreement, it specifically provides for the use of the actual Ameren Missouri capital structure as of May 31, 2019 of 52% equity and a range of reasonable allowed ROE of 9.4% to 9.95%, including the use of 9.725% for the infrastructure rider. A Missouri PSC decision is expected in August with new rates expected to be effective in September.

Moving to Illinois, in April, we made our required annual electric distribution rate update filing. Under Illinois' formula ratemaking, our utility is required to file annual rate updates to systematically adjust cash flows over time for changes in cost of service and to true up any prior period over- or under-recovery of such costs. In late June, the ICC staff issued its recommendation, which was comparable to Ameren Illinois' request. An ICC decision is expected in December with new rates expected to be effective in January 2020.

Finally, turning to Page 14, I will summarize. We continue to expect to deliver strong earnings growth in 2019 as we successfully execute our strategy. As we look to the longer term, we continue to expect strong earnings per share growth driven by rate base growth and disciplined financial management. Further, we expect this growth to compare favorably with the growth of our regulated utility peers. In addition, Ameren shares continue to offer investors an attractive dividend.

In total, we have an attractive total shareholder return story that we believe compares very favorably to our peers.

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

Operator:

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

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

Warner Baxter:

Good morning, Julien.

Julien Dumoulin-Smith:

Hey, good morning. How are you?

Warner Baxter:

How are you doing? Terrific. How are you?

Julien Dumoulin-Smith:

Excellent, thank you. Not bad. Maybe just to kick things off, if I can, I'd love to go back to your comments, Warner, on the terminated agreement with EDF and how you're thinking about next steps. Also, just to make sure that you've secured your interconnection upgrade costs and firmed those up on the other projects as well. Do you think this was very much isolated to this project or is this kind of a wider theme that you're seeing in the MISO footprint?

Warner Baxter:

Thanks, Julien. A couple of things. Number one, yes, with regard to the two projects that we have, the 400 megawatt project and the 300 megawatt project, we have the final interconnect costs done. That was not the case with the EDF. That was only in the second stage, so now those other two are done. Now, keep in mind for the 400 megawatt project we have the CCN already, so well positioned to move forward on that. We still have to get the interconnection agreement but we expect that by the fall and so we don't see any major issues with that.

With the 300 megawatt project, as you heard me say, we're real pleased to get a non-unanimous stipulation with the Missouri Public Service Commission staff and so we're well positioned to have the review by the Missouri Public Service Commission and we look forward to having that and then hopefully a decision by October.

As I step back and look at where we're at with the 700 megawatts that we have in place, I think we're very well positioned to get the necessary regulatory approvals and to begin construction on those projects and then get them all in-service by the end of 2020.

Julien Dumoulin-Smith:

Got it. Just to clarify here with respect to the initial project that was terminated, is it your expectation that you go back to try to find an alternative project? Restructure this project somehow to address some of the transmission costs however that might ever be possible, or perhaps just forgo it all together, because obviously, as you said, you're ahead of the plan as you initially described anyway?

Warner Baxter:

Good question, Julien. The bottom line is that with the 700 megawatts now that we've announced, we are in compliance with the Missouri Renewable Energy Standard and so we're well positioned, and in fact, that's consistent with what we said at the outset of these conversations and consistent with our Integrated Resource Plan. But like I also said, we continue to look at renewable energy investment opportunities. I mentioned the Renewable Choice Program. Certainly we'll file an updated Integrated Resource Plan next year, so we're not done kicking the tire of renewable energy projects is my message, but with regard to the Missouri Renewable Energy Standard, we will be in compliance with these two projects that we plan on executing next year.

Julien Dumoulin-Smith:

Got it, and if you'll permit me just to follow-up here, with respect to transmission once more. We've seen some interesting headlines thus far on MISO 2019 plans and where those budgets are coming in. Also, I suppose September we're going to see the next round of a draft MTEP 20. How are you thinking about all together transmission spending trajectories, if you can comment at least initially on some of the procedures?

Warner Baxter:

Look, this is what I said here today. Obviously with regard to the other projects, I can't speak to the other projects. I can speak to ours, and as I said a moment ago, the two projects that we got across the finish line, they were in line with what our estimates were. We certainly don't have visibility into all the projects that are going in the system. That's certainly something that MISO has the visibility, but what I will say when you talk about broader transmission and you think about all the interconnection agreements and all the things going on here, I do continue to say and believe that when you look to the long term that there is an opportunity for us as a system in MISO to look at multi-value projects to try and address the transmission matters and issues that we see today and the continued desire to put more renewable energy generation on our system. This is an area of focus that Shawn Schukar and all of our team are working with MISO and many others to be thinking about. We have to get through these interconnection agreements today, but we need to be thinking about those multi-value projects down the road because that's what's going to enhance our overall system prospectively.

Julien Dumoulin-Smith:

Great. Another round of MVPs. Excellent. Thank you there. I'll leave it.

Warner Baxter:

Thank you, Julien.

Operator:

Our next question is from Greg Gordon with Evercore. Please proceed with your question.

Warner Baxter:

Good morning, Greg. Are you there?

Operator:

Greg, are you muted? Greg, you're live with our speaker.

Warner Baxter:

Why don't we go to the next question? Greg can get back in the queue if he jumps back on, please.

Operator:

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

Warner Baxter:

Good morning.

Insoo Kim:

Thank you. Good morning. Could you go back to your comments? I just to make sure I understand regarding the potential solar/battery facilities. Is that something new that you guys are considering for the CCN? Again, it seems like the timing that you talked about at the end of 2020 kind of matches up with the loss of the 157 megawatts of the other wind, but is this potentially to serve as an offset to your plans?

Warner Baxter:

I'm going to let Michael Moehn talk about this exciting project. Michael, I know this is part of your Smart Energy Plan, so why don't you talk a little bit about the benefits that these are going to bring to customers?

Michael Moehn:

Perfect. Thanks, Warner. Good morning.

Really, these three projects that Warner referred to, these battery plus storage facilities, there's three projects across the Missouri footprint. They really are focused primarily on reliability enhancement. We are making these investments in lieu of investments that we would need to make in substations, etc., to enhance the reliability on that system.

There will be some environmental benefits associated with them. You will have some renewable energy credits to come as part of the solar project, so we will account for those but they really are being driven by economics and reliability today and we're excited about them. Hopefully more to come there, but as Warner said, we're going to be filing those CCNs very, very soon for those three projects.

Warner Baxter:

So, Insoo, you also had a question in there as to whether this was incremental to our existing plan. They are not incremental. They have been part of our five-year plan, part of the Smart Energy Plan. We mention these projects as part of our comments because these are innovative technology projects that we're doing on behalf of our customers and certainly are part of the renewable energy space as well.

Michael Moehn:

I think one important note on that 15% requirement that we have as part of the Missouri Renewable Standard, there is a 2% requirement for solar as well, 2% of that 15%, so these will go to satisfy some of that as well.

Insoo Kim:

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

Warner Baxter:

Terrific. Thank you.

Operator:

Our next question comes from Ali Agha with SunTrust Robinson. Please proceed with your question.

Warner Baxter:

Good morning.

Ali Agha:

Thank you. Good morning. First question, can you, Marty, give us any more insight to your thinking on how you're planning to fund the wind acquisitions next year? Should we assume for planning purposes that the

financing will be next year, or any thoughts to any kind of a forward component to get that off the table today? Just what's your latest thought there?

Marty Lyons:

Sure, Ali. Good morning. Thanks for the question. Overall, I have to say our financing plans haven't really changed from what we communicated to you and others on the February call and then again on the May call. On the February call, you'll recall that we laid out our \$13.3 billion five-year capital expenditure plan that included about at that time \$1 billion for wind. Today, as you heard on the call, it looks like \$1.2 billion of wind and as you also heard we do feel confident about those projects.

We said at that time, of course, and we reiterated in May, I should say, that our financing plan included equity issuances under our DRIP and our employee benefit plans of about \$100 million a year, and the issuance of common equity to fund a portion of Ameren Missouri's wind acquisitions. We believe those two sources of equity, Ali, will allow us to fund the capital expenditure plan while maintaining approximately the same capitalization levels we have currently and our current credit ratings, which as you know, we've worked hard to achieve.

Sifting through all that, in answer to your question I would say that other than the DRIP and employee benefit plan issuances and with respect to our currently capital expenditure plans, we have no planned external equity needs other than for these wind projects, which are expected to close next year in the fourth quarter of 2020.

So with respect to your question about options, we do have options in terms of accessing the equity markets. We're clearly aware of the ways our peer utilities have approached the equity markets. We're monitoring market conditions and ultimately we'll move forward in a manner that we think is most appropriate given the funding needs.

I think that's what we've got to say on it. I don't think I'll comment beyond that but we recognize the options that we have before us.

Ali Agha:

Right. Marty, can you also remind us, do you still believe there is further debt capacity at the Parent or Holding Company level at this stage for Ameren?

Marty Lyons:

Look, we laid out the financing plans that we have. I think you're aware of the credit ratings that we have overall and where the thresholds are. We've talked about that on prior calls. At Moody's we have a BBB plus and an FFO-to-debt threshold of 13%. At Moody's Baa1, the threshold is a little bit higher there with a CFO pre working capital-to-debt of 17%, and so a little bit, you could say less cushion there with respect to the Moody's rating. We're conscious of that. We watch where the credit metrics are. We like those credit ratings. We'd like to hold those credit ratings. And we think about other factors, maintaining a strong balance sheet, positioning these various investments, like the wind, for success in the regulatory environments and ultimately all of that led us to the conclusions that we reached and communicated earlier this year and as I just repeated that overall we want to keep our capitalization levels approximately where they are at today at all of our legal entities. We do plan to fund a portion of these wind investments with equity and we think that's the right balance overall.

Ali Agha:

Got it. My second question, related to the \$13.3 billion five-year plan, I know in the past you all have talked about the Missouri legislation incentive that there was more cap ex potentially you could spend, there was more need for cap ex at Missouri. I'm just wondering when is the next time you all will update us on the cap ex plans and should we assume that there is potentially upside to this plan that currently is at \$13.3 billion?

Marty Lyons:

Ali, this is Marty. I'll start off in case others want to jump in. I would say that traditionally we update our long-term capital expenditure plans in February on our year-end call. As we noted on this call, we put out a \$13.3 billion plan this past February. That included \$1 billion for wind; now we stand at \$1.2 billion, so logically we'd include that in February. Then with respect to further grid modernization, we'll continue to assess that. As you know, last year when we rolled forward our five-year plan we updated our capital expenditures across the board, notably in Missouri increased our capital expenditure plan excluding the wind about \$1.5 billion versus the prior five-year plan. So we've incorporated a considerable amount of incremental infrastructure spending in that plan, but you're absolutely right. In terms of that \$1.5 billion, that was only a percentage, a fraction of the overall potential incremental capital expenditure that we can make at Ameren Missouri over time.

I don't want to speculate today on what we may or may not add next February, but clearly we have a very large infrastructure investment pipeline and some great projects incremental to those that we've already put in the current five-year plan, incremental projects that we think would bring great value to our customers.

Ali Agha:

Thank you.

Operator:

Our next question comes from Gregory Gordon with Evercore. Please proceed with your question.

Greg Gordon:

Hey gentlemen, sorry about that Ferris Bueller moment earlier.

Warner Baxter:

Good morning, Greg. We thought we'd lost you. We're glad you came back in. How are you doing, Greg?

Greg Gordon:

Yes. I noticed you did talk about the energy infrastructure legislation that I guess has been tabled until potentially the veto session coming up in the fall. Can you talk about what it is that you specifically would like to see that legislation accomplish if it does get considered? Then also, Vistra had their earnings call earlier today and they've made a proposal with regards to a coal-to-solar plan that I think is the—basically impacts the assets that you sold Dynegy all those years ago. How do you see that? Even though that doesn't have obviously a direct financial impact to Ameren's P&L? How do you see that proposal? Do you think it's beneficial overall to your customers? Would you be supportive of it, or any other comments you might want to give us on that topic?

Warner Baxter:

Thanks, Greg. This is Warner. Look, I think we've been clear and will continue to be clear that our focus has been and will continue to be on passing the grid modernization legislation that supports the extension of formula rates to 2032. You heard me talk on the call about the significant benefits that it's brought to Illinois in terms of investment, reliability, jobs and is still affordable. We think—and this is why this has been extended twice and that's why it's received such favorable votes in the committees in both the Senate and the House, and we're all hopeful that the legislature takes it up because we think it would be a good thing for the State of Illinois for many years to come. That's going to continue to be our primary focus.

There's no doubt that there are several other legislative proposals being looked at in the State of Illinois. Very comprehensive, very complex and so the only thing I can say is that Richard Mark and his team are at the table speaking with all these stakeholders, trying to sort through all the details, including Vistra's proposal, so it would be premature for me to speculate just exactly where those proposals are, all the pros and the cons. The only thing I can tell you is that they are complicated, they're complex. They're big bills but that doesn't mean that they won't be considered either in the veto session or next year. The only thing, rest assured, we're at the table.

Greg Gordon:

Okay, Warner. Thank you.

Warner Baxter:

Thanks, Greg.

Operator:

Our next question comes from Sophie Karp with KeyBanc. Please proceed with your question.

Sophie Karp:

Hi, good morning guys.

Warner Baxter:

Good morning.

Sophie Karp:

Hello. How are you?

Marty Lyons:

Good morning. Great.

Sophie Karp:

A couple of questions, if I may. First, I wanted to follow up on the solar plus battery projects that you discussed. I was wondering if you looked at other applications of battery storage technology at this point, maybe replacing peaking generation capacity or even addressing, Warner, some of those transmission interconnections that you discussed. Is that a potential solution to transmission interconnection costs?

Warner Baxter:

Michael, why don't you talk a little bit about this innovative project that we're doing in Missouri and then we can talk a little bit more. Shawn, you can weigh in on some of the things on the Transmission side.

Michael Moehn:

Yes. Again, these are exclusively focused on the Distribution side. Again, we looked and found places within our system that we need to make some reliability enhancements and combining these two projects together to make those reliability improvements in lieu of traditional sort of substation investments. My sense is, and Shawn can comment on this with respect to whether those kind of applications are available on the Transmission side as well.

Shawn Schukar:

This is Shawn. On the Transmission side, we do look across the system to see where there are alternatives, just like Michael was describing on the Distribution side, and continue to look for those as we look for solutions to enable both reliability improvements on the system and those generator interconnection.

Warner Baxter:

The bottom line is energy storage is something that we as a company look very carefully at for a variety of different reasons and we're pleased that we'll look forward to having a conversation with the stakeholders in Missouri on this Missouri project and we're going to continue to kick the tires on energy storage just broadly because as I think we all know, the costs continue to come down. There are various applications and so we'll continue to put out innovative efforts forward to see if we can actually do some of these projects for the benefit of our customers.

Sophie Karp:

Thank you.

Warner Baxter:

Thank you.

Operator:

Our next question comes from Greg Orrill with UBS. Please proceed with your question.

Warner Baxter:

Good morning, Greg.

Greg Orrill:

Good morning. Thank you. You spoke a little bit about the lag in between cases on I guess the gaps in PISA mechanism and I was wondering if it's possible to scale that impact or quantify it in some way, how you're thinking about it.

Marty Lyons:

Yes. Greg, this is Marty. Thanks for the question. I don't know that I have a way to really scale it. Our objective in walking through this piece of mechanics was really just to help you and investors understand some of the nuances of the accounting and ratemaking because we still do receive a number of questions about it in the context of the need for this current rate review and the next one to incorporate the wind.

Bottom line, as you know, this PISA has really been a big step forward for us in terms of improving the Missouri regulatory framework for infrastructure investment. We've significantly increased our ongoing and planned investments so it's really terrific. It's really I guess to say again there's still a small amount of lag in terms of the ratemaking, that's for the 15% that doesn't get PISA deferrals, and then we have this delayed recognition of equity earnings due to the accounting for the PISA deferrals and that needs to be understood. Today, we're booking those debt returns at about a 5% rate so that may help you in terms of some of your modeling.

As we stated, we're going to continue to manage the business in terms of cost management and regulatory rate reviews to earn as close to the allowed returns as possible while, as I said earlier, being mindful of operating business needs.

I think, Greg, those are the components that we wanted to communicate and lay out and hopefully you can use that to help with your modeling.

Greg Orrill:

Yes. Thank you.

Marty Lyons:

You're welcome.

Operator:

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

Our next question comes from Neil Kalton with Wells Fargo Securities. Please proceed with your question.

Warner Baxter:

Good morning, Neil.

Neil Kalton:

Hi guys. Good morning. A quick question just to clarify on new wind. As you're evaluating and thinking about it, so ex the RCP, would new wind necessarily have to go be a part of the IRP process or not necessarily?

Michael Moehn:

Good morning, Neil. It's Michael Moehn. Thanks for that question. Yes, I think as Warner stated earlier, as we think about the future and think about future opportunities, it's really going to be part of that Integrated Resource Planning Process that we have here in the state of Missouri, and so those renewable opportunities will be considered in the context of that. Again, we are complying with the Missouri Renewable

Standard with the 700 megawatts and the \$1.2 billion investment today, so future investments are really going to be contemplated in the IRP.

Warner Baxter:

Neil, I'll just add to this. You broke up a little bit at the front end. Of course the Renewable Choice Program though is different. That would be outside. That's a separate program that's been approved by the Missouri Public Service Commission and we already talked about that in the past so I just want to clarify that.

Neil Kalton:

Perfect, thank you.

Warner Baxter:

Great. Thank you.

Operator:

Ladies and gentlemen, we've reached the end of the question-and-answer session. At this time, I'd like to turn the call back to Andrew Kirk for closing comments.

Andrew Kirk:

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

Operator:

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