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CORPORATE PARTICIPANTS

Doug Fischer *Ameren Corporation - Senior Director of IR*

Warner Baxter *Ameren Corporation - Chairman, President and CEO*

Marty Lyons *Ameren Corporation - EVP and CFO*

Maureen Borkowski *Ameren Corporation - President and CEO of Ameren Transmission Company*

Michael Moehn *Ameren Corporation - Chairman and President of Ameren Missouri*

CONFERENCE CALL PARTICIPANTS

Paul Patterson *Glenrock Associates - Analyst*

Julien Dumoulin-Smith *UBS - Analyst*

Paul Ridzon *KeyBanc Capital Markets - Analyst*

Ashar Khan *Vizium Asset Management - Analyst*

Brian Russo *Ladenburg Thalmann - Analyst*

Andy Levi *Avon Capital - Analyst*

Steve Fleishman *Wolfe Research - Analyst*

PRESENTATION

Operator

Greetings and welcome to the Ameren Corporation's first-quarter 2016 earnings call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation.

(Operator Instructions)

As a reminder, this conference is being recorded.

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

Doug Fischer - Ameren Corporation - Senior Director of IR

Thank you and good morning.

I'm Doug Fischer, Senior Director of Investor Relations for Ameren Corporation. 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.

Before we begin, let me cover a few administrative details. This call is being broadcast live on the Internet and the webcast will be available for one year on our website at ameren.com. Further this call contains time-sensitive data that is accurate only as the date of today's live broadcast and redistribution of this broadcast is prohibited.

To assist with our call this morning, we have posted on our website a presentation that will be referenced by our speakers. To access this, please look in the investor section of our website under webcasts and presentations and follow the appropriate link.



Turning to page 2 of the presentation, I need to inform you that 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 statement section in the news release we issued yesterday and the forward-looking statements and risk factors sections in our filings with the SEC.

Warner will begin this call with comments on first-quarter financial results, full-year 2016 earnings guidance and a business update. Marty will follow with a more detailed discussion of first-quarter results and an update on financial and regulatory matters. We will then open the call for questions. Before Warner begins, I would like to mention that all per-share earnings amounts discussed during today's presentation, including earnings guidance, are presented on a diluted basis unless otherwise noted.

Now here is Warner who will start on page 4 of the presentation.

Warner Baxter - Ameren Corporation - Chairman, President and CEO

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

Yesterday afternoon we announced first-quarter 2016 earnings of \$0.43 per share, compared to \$0.45 per share in last year's first quarter. The earnings decline reflected lower electric and natural gas sales volumes, which were primarily due to milder winter temperatures. These milder temperatures lowered earnings by an estimated \$0.10 per share compared to 2015.

The year-over-year earnings comparison was also reduced as a result of lower electric sales to Noranda Aluminum, historically Ameren Missouri's largest customer. In early January 2016, Noranda announced that production had been idled at two of its three smelter pot lines as a result of an operational failure. And in mid-March Noranda idled its remaining smelter pot line.

The impact of these unfavorable items was partially offset by a decrease in the effective income tax rate, which was primarily due to tax benefits associated with share-based compensation. The earnings comparison also benefited from increased earnings on FERC regulated transmission and Illinois electric and natural gas delivery service resulting from infrastructure investments made under modern constructive regulatory frameworks in order to better serve our customers. Overall our first-quarter results were solid. We remain on track to deliver within our 2016 earnings guidance range of \$2.40 to \$2.60 per share.

Turning now to page 5, here we reiterate our strategic plan. We remain focused on executing this strategy and continue to strongly believe that we will deliver superior long-term value to both our customers and shareholders.

I would like to highlight some of our year-to-date efforts and accomplishments towards this end. These include our continued strategic allocation of significant amounts of capital to those businesses whose investments are supported by regulatory frameworks that provide fair, predictable and timely cost recovery and also deliver long-term benefits to our customers.

This capital allocation is illustrated in the graphic on the right side of the slide. As you can see, we invested more than \$300 million of our first-quarter capital expenditures and jurisdictions with the support of regulatory frameworks. This represented almost two-thirds of our first quarter 2016 investments, and included approximately \$170 million of capital spent on FERC regulated projects.

The largest of these is ATXI's \$1.4 billion Illinois Rivers transmission project. Construction of the first of this project's nine line segments is now complete, with construction of three other segments and two of three river crossings expected to be completed later this year. Further two of the project's 10 substations are already in service with construction well underway on the remaining ones.



For ATXI's Spoon River project in Northwestern Illinois, we are currently acquiring right-of-way and plan to begin line construction later this year. In addition, the project's new substation is under construction and should be completed by the end of the year. Finally, I'm pleased to note that the Missouri Public Service Commission approved a certificate of convenience and necessity for the Mark Twain project late last month.

Moving forward, we plan to obtain a sense from the five counties that Mark Twain will cross and to begin right-of-way acquisition soon. All three of these transmission projects, Illinois Rivers, Spoon River and Mark Twain are MISO-approved multi-value projects. When completed, these projects will deliver significant customer benefits, including improved reliability and access to cleaner generation, including wind power from the western and northern parts of the MISO region.

Turning to page 6 of our presentation, let me update you on the execution of our strategic plan at Ameren Illinois. We invested approximately \$145 million in Illinois electric and natural gas delivery infrastructure projects in the first quarter of this year, these investments made under the Company's modernization action plan, which was enabled by Illinois' Energy Infrastructure Modernization Act. This work remains on track to meet or exceed its 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 program began in 2012, installation of storm-resilient utility poles, advanced meters, outage detection technology, and stronger power lines has resulted in 17% improvement in reliability. And when customers do experience an outage, Ameren Illinois is restoring power 18% faster on average than in previous years. Further, installations of advanced electric meters are ahead of schedule.

In 2016, Ameren Illinois plans to deploy at least 148,000 electric and 103,000 gas meters at customer locations in central and southern Illinois. Also from the beginning of 2012 to 2015, Ameren Illinois added more than 400 employees and more than 1,100 contracted personnel in support of electric system projects under this modernization action plan. These benefits are being driven by the forward thinking and constructive regulatory frameworks that support investment in Illinois.

Turning now to Missouri, where modernizing the regulatory framework has been a key area of focus, as we speak today, House Bill 2689, 21st century grid modernization and security act, remains on the Missouri Senate calendar and is available for further debate. Informed by extensive outreach, collaboration, and input from key stakeholders, this legislation has received unprecedented statewide support, including that from major Chambers of Commerce, individual businesses, labor suppliers and Missouri Farm Bureau and many other key stakeholders.

In addition, this process has resulted in significant and constructive dialogue with policymakers regarding the extent to which regulatory lag discourages investment in grid modernization. Unfortunately, the bill was subject to a filibuster by a small group of state senators during debate last week and was not advanced at that time.

Time is short for passage of this legislation as this year's general assembly session ends Friday. As a result, I do not believe that comprehensive, performance-based rate-making legislation will be enacted this session. However, despite this short window, we continue to work with key stakeholders to find other constructive paths forward this session.

In addition, we will remain focused on enhancing energy policies to address regulatory lag and support investment in aging infrastructure through both the regulatory and legislative processes. As a result and at this time, I do expect that we would support another legislative initiative next year. I am convinced that those efforts are in the best long-term interest of our customers and the entire state of Missouri as we seek to modernize the grid to meet our customers' future energy needs and expectations, as well as create jobs.

As long as Missouri stands still, it is being left behind by other states who have adopted forward-thinking energy policies. In light of the fact that we do not expect comprehensive regulatory reform this session, coupled with the ongoing financial impacts of Noranda's outage, as well as increased investments and operating costs, we are moving forward with plans to file for an electric rate increase in early July.

Moving from regulatory and legislative matters to a quick comment on Missouri operational matters, our scheduled 2016 nuclear refueling and maintenance outage at the Callaway Energy Center was successfully executed and the plant is now on back online. We also continue our efforts to relentlessly improve operating performance, including our focus on safety, disciplined cost management and strategic capital allocation.



Moving on to page 7 in our long-term total return outlook, in February we outlined our plan to grow rate base at an approximate 6.5% compound annual rate over the 2015 to 2020 period, driven by a strong pipeline of investments to benefit customers and shareholders. Our peer-leading rate base growth reflects strategic allocation of capital to those jurisdictions that operate under constructive and modern regulatory frameworks.

In addition, we stated in February that we expected earnings per share to grow at a 5% to 8% compound annual rate from 2016 to 2020, excluding the estimated temporary negative effect on 2016 earnings of lower sales to Noranda. Our rate base growth is foundational to our strong earnings-per-share growth expectations.

We also remain focused on our dividend, because we recognize its importance to our shareholders. Today our dividend yield remains above the average of our regulated utility peers. Of course, future dividend increases will be based on consideration of, among other things, earnings growth, cash flows and economic and other business conditions. To summarize, we are relentlessly executing our strategy and I remain firmly convinced that continuing to do so will deliver superior value to our customers, shareholders and the communities we serve.

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

Marty Lyons - Ameren Corporation - EVP and CFO

Thanks, Warner. Good morning, everyone.

Turning now to page 9 of our presentation, as Warner already noted, we reported earnings of \$0.43 per share for the first quarter of 2016, compared to earnings of \$0.45 per share for the year-ago period. Key drivers of the earnings variance are listed on this page. Lower electric and natural gas sales volumes reduced earnings with milder winter temperatures accounting for an estimated \$0.10 per share decline.

This temperature-related earnings decline was almost entirely driven by lower electric sales volumes since Illinois gas sales are subject to a volume balancing adjustment effective the beginning of this year. This volume balancing adjustment ensures the changes in natural gas sales, including those from weather, do not result in an over or under collection of revenues from residential and small non-residential customers.

First quarter 2016 temperatures were not only milder than those experienced in the year-ago period, they were also milder than normal, with heating degree days about 20% less than the year-ago period and about 10% less than normal. The remainder of the sales volume-related earnings decline was almost entirely due to the idling of Noranda's smelter pot lines. Further, the carryover effect from Ameren Missouri's 2013 through 2015 energy efficiency plan reduced earnings by \$0.03 per share.

Moving to the next key driver of the first-quarter earnings variance, last year's Ameren Illinois results benefited from recovery of certain cumulative power usage costs. The absence of this benefit had a \$0.04 per share unfavorable effect on the earnings comparison.

Shifting now to factors that had a favorable effect on the first-quarter earnings comparison. A decrease in the effective income tax rate lifted earnings by \$0.08 per share. This reduced tax rate was primarily due to recognition of 2016 tax benefits associated with share-based compensation. These benefits were recognized in earnings pursuant to accounting guidance issued in March of 2016.

I would note that the level of such tax benefits to be recognized in future years will be a function of the fair value of share-based incentive awards when they vest and could cause our effective income tax rate to fluctuate above or below the approximately 38% effective tax rate normally expected. For 2016, we now project the full-year effective tax rate to be approximately 35%.

In addition, increased investments in electric transmission and delivery infrastructure in our ATXI and Ameren Illinois businesses lifted earnings by \$0.05 per share compared to the year-ago period. I want to note that our ATXI and Ameren Illinois transmission earnings continue to be reduced by a reserve reflecting the potential for a lower MISO-base allowed ROE given pending complaint cases at the FERC.

In addition, the earnings of our Illinois electric delivery business incorporated an 8.7% allowed ROE under formulaic rate making compared to 8.6% for the year-ago period. The Illinois electric delivery ROE reflected in first-quarter 2016 results assumes an annual average 30-year treasury yield of



2.9% for the full year. Moving to the last item on the page, earnings for the first quarter also benefited from higher Illinois natural gas delivery service rates effective at the beginning of this year adding \$0.04 per share.

Before moving on, let me briefly cover electric sales trends for the first quarter. Weather normalized kilowatt hour sales to Illinois and Missouri residential and commercial customers were essentially flat, as the 2016 LEAP day sales benefit was offset by energy efficiency impacts. Kilowatt hour sales to Illinois' industrial customers decreased approximately 8%, primarily reflecting lower sales to several large low-margin Illinois customers, including those in mining, agricultural, auto and steel making. Excluding lower sales to Noranda, kilowatt hour sales to Missouri's industrial customers were flat.

Turning to page 10 of our presentation, now I would like to discuss our guidance for this year. As Warner stated, we continue to expect 2016 diluted earnings to be in a range of \$2.40 to \$2.60 per share despite several notable items that were not incorporated into our initial guidance provided back in February.

These include one favorable item that was offset by three unfavorable items resulting in no change to our guidance range. The favorable item was the decrease in the first-quarter effective income tax rate, primarily due to tax benefits associated with share-based compensation which boosted earnings by \$0.08 per share.

The three unfavorable items were milder first-quarter temperatures, which reduced earnings by an estimated \$0.05 per share compared to normal temperatures, an increase in the 2016 estimated earnings impact from lower sales to Noranda of \$0.02 per share, as well as a 30-basis point lower assumed ROE for Illinois electric delivery service, which reduced expected 2016 EPS by almost \$0.02 per share.

The last item reflected the lower estimated average 30-year treasury rate for 2016 of 2.9%, which I mentioned a moment ago, compared to our beginning of the year estimate of 3.2%. Regarding Noranda, our 2016 guidance includes an updated estimate of approximately \$0.15 per share for the impact of lower electric sales to this customer, compared to the prior estimate of \$0.13 per share.

As we discussed in February, this estimate is net of expected revenues from off-system sales that Ameren Missouri is making as a result of reduced sales to Noranda and that are retained under a provision of our fuel adjustment clause. This estimate has been updated for the regulatorily agreed-upon method for calculating such off system sales revenues and changes in forward power prices. We continue to assume Noranda's production lines will remain idle for the rest of this year.

I will not go through the balance of the year earnings considerations listed on this page, since they are largely self-explanatory and we discussed each item on our February earnings call. Overall our goal remains to earn at or close to our allowed ROE's in all of our jurisdictions. Of course, this goal will continue to be more challenging to achieve in Missouri pending improvement in the regulatory framework.

However, as Warner mentioned, we expect to file a Missouri electric rate case in early July to recover costs related to additional infrastructure investments and rising expenses including those related to net fuel, depreciation, transmission service and property taxes. In addition, rates need to be adjusted to reflect the loss of sales to Noranda. As discussed in February, we expect the earnings impact of lower sales to Noranda to be temporary.

Moving now to page 11, I would like to update you on select regulatory matters pending at the Illinois Commerce Commission and the Federal Energy Regulatory Commission. Turning first to Illinois, last month Ameren Illinois made its required annual electric delivery rate update filing. Under Illinois' formula rate making, 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.

Our filing seeks a \$14 million decrease in annual electric rates. This net amount includes a \$96 million increase reflecting 2015 actual costs, related carrying charges and expected 2016 infrastructure investments, which is more than offset by a \$110 million decrease due to recovery by year end 2016 of previously underrecovered 2014 costs and related carrying charges. The ICC will review the matter in the months ahead with a decision expected in December of this year and new rates effective early next year.



I remind you that each year's Illinois electric delivery earnings are a function of that year's ending rate base, the formula determined allowed ROE, which is the annual average of 30-year US treasury bond yields for that year plus 580 basis points, and the ICC authorized equity ratio, and are not directly determined by that year's rate update filing.

Finally, previously mentioned complaint cases seeking to reduce base-allowed ROE from MISO transmission owners including Ameren Illinois and ATXI are pending at the FERC. In the first case, the schedule calls for a final order from the FERC in the fourth quarter of this year. And in the second case, the schedule calls for an initial order from an administrative law judge by the end of June this year with a final order from the FERC expected next year.

Finally, turning to page 12, I will summarize. We have affirmed our earnings guidance for 2016 and we continue to execute our strategy. Further, on our February call we stated that we expected earnings per share to grow at a strong 5% to 8% compound annual rate from 2016 through 2020, excluding the estimated temporary net effect of lower sales to Noranda this year.

We said this earnings growth was driven by approximately 6.5% compound annual rate base growth over the 2015 through 2020 period based on a mix of needed transmission, distribution, and generation investments across multiple regulatory jurisdictions being made for the benefit of customers. When you combine our strong earnings growth with Ameren's dividend, which now provides investors with an above peer group average yield of approximately 3.5%, we believe our common stock provides very attractive total return potential for investors.

That concludes our prepared remarks.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Paul Patterson, Glenrock Associates.

Paul Patterson - *Glenrock Associates - Analyst*

Good morning.

Warner Baxter - *Ameren Corporation - Chairman, President and CEO*

Good morning, Paul.

Paul Patterson - *Glenrock Associates - Analyst*

Just with respect to the long-term earnings growth rate and your comments regarding the legislation and Noranda, I guess, it seems like you were suggesting that Noranda might be a temporary situation and that you expected that it might change. I was wondering, is Noranda in the long-term guidance? Noranda coming back that is, or how should we think about that?

Marty Lyons - Ameren Corporation - EVP and CFO

Sure, Paul. This is Marty. You may recall when we gave the long-term guidance outlook back in February we, number one, said we expected 5% to 8% compound-annual EPS growth from 2016 through 2020. The foundational element of that, of course, is the 6.5% rate-base growth that we have which we showed from 2015 to 2020.

Importantly, when we talked about that 5% to 8% compound-annual EPS growth, we were basing that off of an adjusted 2016 EPS guidance of \$2.63. Obviously if you took our guidance for this year, the midpoint's \$2.50, but we added to that the impact we estimated at that time of the Noranda outage which was \$0.13 at that time, to get to an adjusted midpoint of \$2.63 and then base the earnings guidance off of that. The reason we did that is that we do believe the impact of Noranda's outage on our earnings to be temporary.

As we mentioned on the call, we do expect to file a Missouri rate case in early July of this year. We expect that, that rate case will reflect the reduced usage by Noranda and as our rates are adjusted next year, then the temporary impact of this earnings decline from the outage would be erased.

So that's how we expect it to go. Long term in terms of our earnings growth guidance, Noranda may be there, Noranda may not be there; we are not speculating on that. But we do believe that through the rate case process that the impact of the outage will be mitigated.

Paul Patterson - Glenrock Associates - Analyst

Okay. That makes sense. And in terms of the legislation, as I recall also, your earnings growth rate is not dependent upon Missouri legislation getting enacted. Is that still the case?

Marty Lyons - Ameren Corporation - EVP and CFO

Yes. That's absolutely right. We said that in February, we stand by that. As you know, the overall 6.5% rate-base growth is the foundation. We've got about 2% growth forecasted for Missouri over that period of time.

We do believe both that rate-base growth as well as our earnings growth expectation of 5% to 8% can be achieved without the need for legislation in Missouri.

Paul Patterson - Glenrock Associates - Analyst

How should we think about this tax benefit, how do you model it? It sounds like there was obviously a benefit this year, but just in general, how do we factor in this new guidance associated with the taxes?

Marty Lyons - Ameren Corporation - EVP and CFO

Paul, it's a good question. I think going forward, continuing to think about that 38% effective tax rate is probably the right way to think about it, but to be aware that there could be some variation up or down from year to year based upon this new accounting guidance.

As mentioned on the call, what it would really be a function of is what the fair value is of long-term share-based compensation is at the time it vests, versus what's been reflected in book expense over the three years as it relates to our plans over the three-year vesting period. That can create a little bit of volatility in the effective rate.

In this particular period, as you see, the value of what vested was greater than what had been recognized in expense over the past three years. Therefore, the tax benefit was greater than the effective tax rate reflected over the past few years, so we ended up with a benefit this year.

But as noted on the talking points, it could be a benefit or it could be a detriment. But I think in the absence of any further information, I think I would expect that 38% effective tax rate. As it relates to this year, that item had a discrete impact on the first quarter, so it lowered the first-quarter effective tax rate.

At the end of the year, as we mentioned in the prepared remarks, we expect the effective tax rate to be around 35%, which would imply over the remainder of this year in the remaining three quarters that effective tax rate somewhere between 37% to 38%.

Paul Patterson - *Glenrock Associates - Analyst*

Okay. And just finally on the Mark Twain transmission ruling, there was this idea that you have to go back to the counties to get approval there, county consent. There was some discussion at the PSC that, that was going to probably lead to more litigation in the court system. I just wonder if you could elaborate a little bit on how you see that?

Maureen Borkowski - *Ameren Corporation - President and CEO of Ameren Transmission Company*

Paul, this is Maureen Borkowski. At this point in time, we are fully expecting just to go to each county and present the evidence of -- really their statutory obligation in each county is to ensure that the transmission line doesn't have any impact on the user safety of public roadways. We will put that packet of information together for each county and pursue getting their assent when we make that demonstration. At this point in time, we're not anticipating any additional litigation in that regard.

Paul Patterson - *Glenrock Associates - Analyst*

Okay. Thanks so much.

Warner Baxter - *Ameren Corporation - Chairman, President and CEO*

Thanks, Paul.

Operator

Julien Dumoulin-Smith, UBS.

Julien Dumoulin-Smith - *UBS - Analyst*

Hi, good morning. Can you hear me?

Warner Baxter - *Ameren Corporation - Chairman, President and CEO*

You bet, Julien. How are you?

Julien Dumoulin-Smith - *UBS - Analyst*

Great. Thank you. Quite well. Perhaps following a little bit up on the last round of questions here. Can you elaborate a little bit on the specific differences in the statistics between Missouri and Illinois?



You started off your remarks elaborating on Illinois, but how do the two compare? And what are the tangible projects that would be on the table if you were to succeed either this year or next year under a new legislative framework?

Marty Lyons - Ameren Corporation - EVP and CFO

Julien, this is Marty. Could you restate your first question? We're not clear what statistics you are referring to.

Julien Dumoulin-Smith - UBS - Analyst

I suppose what are the reliability statistics? The differentials between Illinois and Missouri, just to get a sense as to what the -- what do you aspire to in Missouri versus Illinois and then, or perhaps to boot with that, what are the discrete and tangible projects that you are evaluating should you be able to get legislation this year or next year?

Warner Baxter - Ameren Corporation - Chairman, President and CEO

Paul, this is Warner. I think a couple things. Number one, by and large, Illinois has clearly made progress in an improving reliability as well as responding to outage duration as a result of the grid modernization project.

By and large, what you are seeing between the two jurisdictions is that they are moving closer in terms of what their overall reliability and ultimate responsiveness to outages are. Illinois will continue -- they have specific metrics that they have to hit as part of the Grid Modernization Act and they will continue to pursue that.

As part of the legislative effort in Missouri, there were specific performance metrics that are put out there as well for reliability and that was in the legislation. I think importantly what really we were focused on and will continue to be focused on Missouri is to address the aging infrastructure.

So what are the kind of things that we would think about doing? Well, we would certainly be doing many of the things that you're seeing over in Illinois. Investing in smart meters, Missouri needs to do that. And it's an opportunity not just for our customers ultimately to be able to use the more advanced meters, it's investing in a smarter grid, whether it be in the power lines, whether it be in automating much of the grid compared to where it is today. Substations, all of these things are very important and things that we're doing in Illinois that we would be focused on doing in Missouri.

But also as part of the legislative effort we would be looking at the generation portfolio. Clearly we have aging infrastructure there and we could do improvements in a more timely fashion, we think, in our generating power plants as well as investing in renewable energy which was a significant aspect of this bill.

So when you put all those things together, these are things that we would be focused on in Missouri, should we get legislation passed that would support that investment. Those are the kind of things that we are going to continue to talk about with policymakers, both the remaining part of this session as well as, frankly, moving into next year, both during the rate case as well as preparing for the next legislative session.

Julien Dumoulin-Smith - UBS - Analyst

Excellent. And turning my attention to Illinois, specifically here we've seen a lot of retirements in the last few weeks here. Can you comment at all where you are in the process of evaluating any requisite transmission upgrades?



Warner Baxter - Ameren Corporation - Chairman, President and CEO

We're going to have Maureen Borkowski, she can jump in. As we've seen some of these retirements, we think there are some transmission opportunities. And so, Maureen, why don't you jump in talk a little bit about some of those.

Maureen Borkowski - Ameren Corporation - President and CEO of Ameren Transmission Company

Yes. It's a little too early to be specific about what projects, but process-wise when a generator applies to MISO to shut down even on an interim basis, there's a study that is done by our transmission planners if it's a generator on our system to determine what the transmission needs would be to make sure the system can still operate reliably.

So there's certainly the potential as these reported shutdowns are studied for our additional transmission investment. The one thing I would point out is that because any needed investment here would be for reliability purposes, that would be outside of the competitive process and it would be Ameren's own companies that would be making any investment that was identified.

Warner Baxter - Ameren Corporation - Chairman, President and CEO

So, Julien, I apologize, I think I was saying Paul a moment ago. It's Julien, so I apologize for that. I'm sure Paul was not offended; hope that you're not as well.

Julien Dumoulin-Smith - UBS - Analyst

I'm sure he isn't, nor am I. Last quick question on Missouri and the rate case, any changes in the regulatory framework that you'd be seeking in this? And also do you have any initial estimate on what the rate impact would be?

Warner Baxter - Ameren Corporation - Chairman, President and CEO

Julien, this is Warner again. I think a couple things. It would be premature for us to say if we're going to do something special from a regulatory framework perspective. Every time we move into a rate case we step back and say, okay, what from a policy perspective things that we want to pursue. So we'll step back and think about that.

And in terms of the overall rate increase, it too is premature. You will see a lot of that here coming up very soon in early July. We will give you all of the specifics and as we move forward in the rest of the year, we will explain the case in more detail to you and the rest of our shareholders.

Julien Dumoulin-Smith - UBS - Analyst

Great. Thank you. Best of luck.

Marty Lyons - Ameren Corporation - EVP and CFO

Thank you, Julien.

Operator

Paul Ridzon, KeyBanc.

Paul Ridzon - KeyBanc Capital Markets - Analyst

Good morning, how are you?

Warner Baxter - Ameren Corporation - Chairman, President and CEO

Good morning, Paul.

Paul Ridzon - KeyBanc Capital Markets - Analyst

You mentioned growth in Missouri of 2%, is that EPS or rate base or both?

Marty Lyons - Ameren Corporation - EVP and CFO

Paul, this is Marty. That 2% I was referencing was rate base. So overall we are expecting 6.5% compound-annual rate-base growth. In Missouri, we expect it to be 2% compound-annual rate-base growth. So really not commenting specifically there on earnings, but overall I would say that 6.5% rate-base growth is the midpoint of our long-term earnings-per-share growth guidance of 5% to 8%.

Consistent with what we've talked about in prior quarters, the bulk of that growth is coming in our FERC-regulated transmission and our Illinois electric and Illinois gas distribution businesses where we're allocating a significant amount of capital because of the constructive regulation we have in those jurisdictions.

Paul Ridzon - KeyBanc Capital Markets - Analyst

Is there a statutory deadline to adjudicate a Missouri rate case?

Marty Lyons - Ameren Corporation - EVP and CFO

We've typically experienced 11-month resolution of the rate cases in Missouri.

Paul Ridzon - KeyBanc Capital Markets - Analyst

In February I think you indicated that you might pursue an accounting order of some sort for Noranda or other means to rectify the situation. Where does that stand? Was it just going to be through a rate case?

Marty Lyons - Ameren Corporation - EVP and CFO

Sure. Good memory; good recollection. We laid that out there as one of the options that we would have in terms of ensuring this impact to be temporary.

However, that's really not needed if the plan is to file a rate case. We will make the appropriate requests in the context of the rate case we file in early July and therefore that accounting authority order would not be needed. So as we said on the call, that is our plan as we sit here today is to file that rate case in early July.

Paul Ridzon - KeyBanc Capital Markets - Analyst

Should we model in the \$0.075 drag for Noranda in 2017?

Marty Lyons - Ameren Corporation - EVP and CFO

We hadn't given that, but to your point, what we said on our call today is we expect the impact to be about \$0.15 this year. And just to give you an idea of how that breaks down, this year we expect -- obviously, we experienced in the first quarter about a \$0.03 drag on earnings. We expect another \$0.03 drag in the second quarter, \$0.06 in the third quarter, and \$0.03 again in the final quarter of the year in the fourth quarter.

So through the first half of this year about \$0.06. To your point, Noranda was up and running to some extent in the first quarter. So I would say an impact on the order of \$0.07, \$0.06 to \$0.07 in the early half of next year until we can get rates updated is probably a fair assumption.

Paul Ridzon - KeyBanc Capital Markets - Analyst

And why is 3Q so heavily weighted? You have summer rates or -- ?

Marty Lyons - Ameren Corporation - EVP and CFO

Yes. Noranda -- and we talked about this at some length in our February call. Noranda has differential in rates, so between October and May of each year their rate has been \$31 and during -- per megawatt hour, and June to September about \$46. So they've had differential, I'll call them winter and summer rates, and so there is a differentiated impact in those various quarters.

Paul Ridzon - KeyBanc Capital Markets - Analyst

Thank you very much.

Operator

Felix Kerman, Vizium Asset Management.

Ashar Khan - Vizium Asset Management - Analyst

Hi, good morning, this is Ashar. Marty, one thing which I read in the Q which I was a little bit surprised was that the change in the FSC, of course I knew there was some transmission earnings that we don't get recovery on a timely basis, but you mentioned that in 2016 that could be a gap of like \$20 million.

As we file the case next year, is there some way that this gap can be minimized to zero or something to be changed? I'm trying to put that into my model. Is there some way that in this next case filing that this regulatory lag can be eliminated?

Marty Lyons - Ameren Corporation - EVP and CFO

Sure, Ashar. What you're referring to in the Q, I believe, is that we actually lay out what the amount was that was actually included in rates when rates were set and then contrast that with the transmission costs that we are actually experiencing in 2016 and so there is a differential there. The transmission costs have grown. During our last rate case the transmission costs were removed from recovery in the FAC. That's an element of lag that we are experiencing.

So you would expect as we go to file this next rate case that we would update our cost of service for the transmission costs that we're incurring and through the rate-case process you would expect then that, that increased cost would be incorporated into the revenue requirement.

Ashar Khan - *Vizium Asset Management - Analyst*

But my question is there some way, because I'm assuming the transmission costs are going to keep on going up. So is this going to be a repeat issue like a year after the next rate case we will again have under recovery or is this something which is happening this year? That's what I'm trying to gather.

Marty Lyons - *Ameren Corporation - EVP and CFO*

You know, Ashar, in the absence of a change in the regulatory framework or some mechanism to avoid that, there would be continuing drag on earnings or regulatory lag associated with that item. It's something that certainly we will consider as we go into this next rate case is how to deal with that. But absolutely at this point in time it is not incorporated into the FAC.

I would remind, Ashar, that overall we continue to work very hard to earn as close to our allowed returns as we can. We have had that lag from transmissions since the last rate case and we have been working hard to do what we can to find cost reductions in other areas. We mentioned in the guidance earlier this year that year over year as we move from 2015 to 2016 that we expect overall our operations and maintenance expenses to be down in Missouri.

When you normalize for the Callaway refueling and remove the effect of Noranda, we expect to earn within 50 basis points of the allowed this year. In isolation absolutely, yes, the increases in transmission costs are creating lag for us.

Unidentified Participant

Okay. Thank you.

Operator

(Operator Instructions)

Brian Russo, Ladenburg Thalmann.

Brian Russo - *Ladenburg Thalmann - Analyst*

Good morning.

Warner Baxter - *Ameren Corporation - Chairman, President and CEO*

Good morning.

Brian Russo - *Ladenburg Thalmann - Analyst*

Could you remind us of the test year in the most recently concluded Missouri rate case?



Marty Lyons - Ameren Corporation - EVP and CFO

Yes. I think was -- you might look. I think it was in 2015, but I can't remember what the exact cutoff date was. I think I'll let Doug address it.

Doug Fischer - Ameren Corporation - Senior Director of IR

Yes, the test year was the 12 months ended March 31, 2015, but then a number of things were updated. A number of things were updated through the end of the year. Am I getting the year wrong there? 2014. I'm sorry, end of March 2014 was the test year, and then we updated for a rate base and a number of items through the end of 2014 and the rates went into effect in May of 2015, late May.

Brian Russo - Ladenburg Thalmann - Analyst

Okay. So I guess if we wanted to kind of calculate the incremental net plan that you will be seeking recovery of in the July rate case, could we just, back in the envelope, take your year-end 2014 and grow it by the 2% CAGR?

Marty Lyons - Ameren Corporation - EVP and CFO

I think we would have to give that one some thought whether that simplified works or not.

Brian Russo - Ladenburg Thalmann - Analyst

Got it. Okay. I'm just curious, hypothetically speaking, what happens if you go through the Missouri rate case, you get new rates in effect to reflect the loss of Noranda sales and then Noranda resumes the plant? Is that just incremental excess sales and margin until your next rate case?

Marty Lyons - Ameren Corporation - EVP and CFO

I don't know if I'd assume that to be the case. As we work through the rate case, maybe there will be clarity brought to that issue. But I wouldn't want to speculate that there would be some windfall that would be achieved as a result of that.

Brian Russo - Ladenburg Thalmann - Analyst

All right. Thank you.

Operator

Andy Levi, Avon Capital.

Andy Levi - Avon Capital - Analyst

Good morning, guys.

Warner Baxter - Ameren Corporation - Chairman, President and CEO

Good morning.



Andy Levi - Avon Capital - Analyst

Just two questions. Can you talk about M&A and in the context of Ameren as a buyer?

Warner Baxter - Ameren Corporation - Chairman, President and CEO

Andy, this is Warren. A couple things. Just in general, as you know, from a buyer perspective obviously you look in the past we have been a buyer of M&A. But as I've said before and will continue to say, our policy has been we don't get into the specifics or comment on speculative transactions or M&A activities just in general. That's not very constructive.

As you know, we've grown in the past through acquisitions. But to be clear, our current plan is focused on the plan that I laid out before and that's on the organic growth in our regulated business. We plan to deliver strong earnings growth that I outlined and it's driven by the rate-base growth, of course. With our strong dividend, we believe we will deliver the superior value to our shareholders and ultimately to customers too.

M&A is happening in our space, so it doesn't surprise us that there continues to be some level of consolidation. In particular, we continue to be attentive to the things going on in our space like other companies. But whether we're a buyer or anything, that probably takes it one step too farther than just what we've done in the past.

Andy Levi - Avon Capital - Analyst

Got it. Thank you. The second question I have is just regarding Missouri Commission. What's the thinking now since the legislation is not getting done that the commission may do some type of workshops this summer to maybe address some of the things in the legislation?

Warner Baxter - Ameren Corporation - Chairman, President and CEO

Andy, this is Warner. I will ask Michael Moehn to speak up as well. I think that there's -- whether there's going to be a specific workshop, I don't think there's anything that's been decided in particular on that, that's always a possibility. I don't think the Commission has come out with a specific statement or ruling that they plan on doing that. Michael, I don't know. I'll let you --

Michael Moehn - Ameren Corporation - Chairman and President of Ameren Missouri

I think that's right, Warner. I think the Commission remains focused on trying to help deal with this regulatory lag issue. I think that could potentially be an outcome to work through the summer to help gain some additional support with respect to what we're trying to do here in Missouri.

Andy Levi - Avon Capital - Analyst

Got it. Thank you very much.

Operator

Paul Patterson, Glenrock Associates.

Paul Patterson - Glenrock Associates - Analyst

Hi. Just really quickly, I think you guys mentioned the potential for non-comprehensive legislation. In other words, you mentioned that you felt comprehensive legislation wasn't likely this session but I was wondering if that meant that there was maybe some other legislative opportunities that you do see potentially and if you could elaborate on that?



Warner Baxter - Ameren Corporation - Chairman, President and CEO

Sure, Paul, this is Warner. I guess a couple things. Number one, the session, as I said, ends this Friday. The reality is time is very short. While comprehensive performance based regulation legislation will not pass, at least from our perspective, it doesn't mean that we still don't have conversations with key stakeholders to see if we can make some level of progress.

It's probably not appropriate for me to speculate, frankly, to say what that may or may not look like. We will know, frankly, in a few short days whether anything happens. But time is short. While it may be difficult, it doesn't mean that we are still not at the table talking to the key stakeholders.

Paul Patterson - Glenrock Associates - Analyst

Okay. So stay tuned.

Warner Baxter - Ameren Corporation - Chairman, President and CEO

Stay tuned That's a good way to put it.

Paul Patterson - Glenrock Associates - Analyst

Okay. Thanks so much.

Warner Baxter - Ameren Corporation - Chairman, President and CEO

Sure.

Operator

Steve Fleishman, Wolfe Research.

Steve Fleishman - Wolfe Research - Analyst

Good morning. Going back a while ago, the Company used to talk about keeping the parent balance sheet pretty consistent with the utilities, and particularly in Missouri that used to be a focus in terms of just making sure there's not a big difference there. Is that still something that you need to monitor and keep in balance or no?

Marty Lyons - Ameren Corporation - EVP and CFO

Yes, Steve, this is Marty. Still if you look at our slides that we've got out there today, we look to keep a parent Company cap structure around 50% equity. Today I think in our Missouri rates we've got a little north of 51%, in Illinois about 50%.

The transmission business, depending on where it's at, anywhere from 51% to 56% with our hypothetical cap structure for ATXI. We have, over time, tried to keep those all in the ballpark in the general vicinity of one another and generally keep strong balance sheets and solid credit ratings.



Steve Fleishman - *Wolfe Research - Analyst*

Okay. But is that just a choice or is there in Missouri kind of a risk of some kind of imputation if you were to have a lot more parent or whole-co leverage?

Marty Lyons - *Ameren Corporation - EVP and CFO*

I would say in Missouri we really haven't experienced any sort of look-through kind of issue, if that's what you're getting at. I think over time in Missouri we have been able to demonstrate that the equity in the utility balance sheet hasn't been funded by any debt at the parent. So largely, I would say, it's by choice.

We think it's good to keep all of those in general alignment. Like I said, keep a strong balance sheet. I do think as you look around the state there's different historical practices in terms of use of the parent Company balance sheet or utility-specific balance sheet, but seems more situational versus some bright-line test or standard practice.

Steve Fleishman - *Wolfe Research - Analyst*

Okay. Thank you.

Warner Baxter - *Ameren Corporation - Chairman, President and CEO*

You're welcome.

Operator

Thank you. This concludes today's question-and-answer session. I would like to turn the floor back to Doug Fischer, Senior Director of IR, for closing remarks.

Doug Fischer - *Ameren Corporation - Senior Director of IR*

Thank you for participating in this call. Let me remind you again that 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, Doug Fischer, or my associate Andrew Kirk. Media should call Joe Muehlenkamp. Our contact numbers are on the release. Again, thank you for your interest in Ameren and have a great day.

Operator

Thank you. This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.



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