



Ameren Corporation

First Quarter 2018 Earnings Conference Call

May 9, 2018

Forward-looking Statements

Statements in this transcript not based on historical facts are considered “forward-looking” and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors in Ameren’s Annual Report on Form 10-K for the year ended December 31, 2017, and elsewhere in this transcript and in our other filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- regulatory, judicial, or legislative actions, including the effects of the Tax Cut and Jobs Act of 2017 (TCJA) and any changes in regulatory policies and ratemaking determinations, such as those that may result from the complaint case filed in February 2015 with the Federal Energy Regulatory Commission seeking a reduction in the allowed base return on common equity under the Midcontinent Independent System Operator tariff, Ameren Missouri’s proceedings with the Missouri Public Service Commission to pass through to its customers the effect of the reduction in the federal statutory corporate income tax rate enacted under the TCJA, Ameren Illinois’ natural gas regulatory rate review filed with the Illinois Commerce Commission in January 2018, Ameren Illinois’ April 2018 annual electric distribution formula rate update filing, and future regulatory, judicial, or legislative actions that change regulatory recovery mechanisms and the resulting impacts on our results of operations, financial position, and liquidity;
- the effect of Ameren Illinois’ participation in performance-based formula ratemaking frameworks under the Illinois Energy Infrastructure Modernization Act and the Illinois Future Energy Jobs Act (FEJA), including the direct relationship between Ameren Illinois’ return on common equity and 30-year United States Treasury bond yields, and the related financial commitments;
- the effects of changes in federal, state, or local laws and other governmental actions, including monetary, fiscal, and energy policies;
- the effects of changes in federal, state, or local tax laws, regulations, interpretations, or rates, amendments or technical corrections to the TCJA, and any challenges to the tax positions we have taken;
- the effects on demand for our services resulting from technological advances, including advances in customer energy efficiency and private generation sources, which generate electricity at the site of consumption and are becoming more cost-competitive;
- the effectiveness of Ameren Missouri’s customer energy-efficiency programs and the related revenues and performance incentives earned under its Missouri Energy Efficiency Investment Act programs;
- Ameren Illinois’ ability to achieve the FEJA electric energy-efficiency goals and the resulting impact on its allowed return on program investments;
- our ability to align overall spending, both operating and capital, with frameworks established by our regulators and to recover these costs in a timely manner in our attempt to earn our allowed returns on equity;
- the cost and availability of fuel, such as ultra-low-sulfur coal, natural gas, and enriched uranium used to produce electricity; the cost and availability of purchased power, zero emission credits, renewable energy credits, and natural gas for distribution; and the level and volatility of future market prices for such commodities and credits, including our ability to recover the costs for such commodities and credits and our customers’ tolerance for any related price increases;
- disruptions in the delivery of fuel, failure of our fuel suppliers to provide adequate quantities or quality of fuel, or lack of adequate inventories of fuel, including nuclear fuel assemblies from Westinghouse Electric Company, LLC, the Callaway Energy Center’s only Nuclear Regulatory Commission-licensed supplier of such assemblies;
- the effectiveness of our risk management strategies and our use of financial and derivative instruments;
- the ability to obtain sufficient insurance, including insurance for Ameren Missouri’s Callaway Energy Center, or, in the absence of insurance, the ability to recover uninsured losses from our customers;
- business and economic conditions, including their impact on interest rates, collection of our receivable balances, and demand for our products;
- disruptions of the capital markets, deterioration in our credit metrics, including as a result of the implementation of the TCJA, or other events that may have an adverse effect on the cost or availability of capital, including short-term credit and liquidity;
- the actions of credit rating agencies and the effects of such actions;
- the impact of adopting new accounting guidance and the application of appropriate accounting rules and guidance;

- the impact of weather conditions and other natural phenomena on us and our customers, including the impact of system outages;
- the construction, installation, performance, and cost recovery of generation, transmission, and distribution assets;
- the effects of breakdowns or failures of equipment in the operation of natural gas transmission and distribution systems and storage facilities, such as leaks, explosions, and mechanical problems, and compliance with natural gas safety regulations;
- the effects of our increasing investment in electric transmission projects as well as potential wind and solar generation projects, our ability to obtain all of the necessary approvals to complete the projects, and the uncertainty as to whether we will achieve our expected returns in a timely manner;
- operation of Ameren Missouri's Callaway Energy Center, including planned and unplanned outages, and decommissioning costs;
- the effects of strategic initiatives, including mergers, acquisitions and divestitures;
- the impact of current environmental regulations and new, more stringent, or changing requirements, including those related to carbon dioxide, other emissions and discharges, cooling water intake structures, coal combustion residuals, and energy efficiency, that are enacted over time and that could limit or terminate the operation of certain of Ameren Missouri's energy centers, increase our costs or investment requirements, result in an impairment of our assets, cause us to sell our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;
- the impact of 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 protect sensitive customer information, increases in rates, or negative media coverage;
- the impact of complying with renewable energy portfolio requirements in Missouri and Illinois and with the zero emission standard in Illinois;
- labor disputes, work force reductions, future wage and employee benefits costs, including changes in discount rates, mortality tables, and returns on benefit plan assets;
- the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments;
- 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;
- legal and administrative proceedings;
- the impact of cyber-attacks, which could, among other things, result in the loss of operational control of energy centers and electric and natural gas transmission and distribution systems and/or the loss of data, such as customer, employee, financial, and operating system information; and
- acts of sabotage, war, terrorism, or other intentionally disruptive acts.

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

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

Doug Fischer, *Senior Director, Investor Relations*

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

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

Michael L. Moehn, *Missouri Chairman and President*

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

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

Paul Patterson, *Glenrock Associates*

Paul Ridzon, *KeyBanc Capital Markets*

Michael Lapidés, *Goldman Sachs*

Ashar Khan, *Verition Fund Management*

Kevin Fallon, *Citadel*

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

Operator:

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

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

Doug Fischer:

Thank you and good morning. On the call with me today are Warner Baxter, our Chairman, President and Chief Executive Officer, and Marty Lyons, our Executive Vice President and Chief Financial Officer, as well as other members of the Ameren Management team. Warner and Marty will discuss our earnings results and guidance, as well as provide a business update. Then we will open the call for questions.

Before we begin, let me cover a few administrative details. This call contains time-sensitive data that is accurate only as of the date of today's live broadcast, and redistribution of this broadcast is prohibited.

To assist with our call this morning, we have posted a presentation on the AmerenInvestors.com website home page that will be referenced by our speakers. As noted on Page 2 of the presentation, comments made during this conference call may contain statements that are commonly referred to as forward-looking statements. Such statements include those about future expectations, beliefs, plans, strategies, objectives, events, conditions and financial performance. We caution you that 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.

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

Warner L. Baxter:

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

Earlier today, we announced first quarter 2018 earnings of \$0.62 per share compared to \$0.42 per share earned in the first quarter of 2017. The year-over-year increase of \$0.20 per share was driven by higher Ameren Missouri electric service rates effective April 1, 2017, as well as higher Ameren Missouri electric retail sales, primarily due to colder winter temperatures this year compared to the very mild temperatures experienced in the year-ago period. In addition, the comparison benefited from earnings on increased infrastructure investments made at Ameren Transmission, Ameren Illinois Electric Distribution and Ameren Illinois Natural Gas. Marty will discuss these and other factors driving the quarterly results in more detail in a moment.

I'm also pleased to report that we remain on track to deliver strong earnings results in 2018 in a range of \$2.95 per share to \$3.15 per share. We continue to focus on executing our strategic plan, which includes operating our businesses safely while strategically allocating capital and exercising disciplined cost management.

Moving to Page 5, here we reiterate our strategic plan, which we have been executing very well over the last several years. That plan is expected to continue to result in strong long-term earnings growth. As you can see on the right side of this page, during the first three months of this year, we invested over \$325 million and nearly 60% of total capital expenditures in our transmission and distribution businesses, where investments are supported by regulatory frameworks to provide fair, predictable and timely cost recovery. For Ameren Transmission, the Illinois Rivers and Mark Twain projects remain on schedule for completion by the end of 2019, and we continue to make significant investments in Ameren Illinois local reliability projects. For Ameren Illinois' Electric and Natural Gas distribution businesses, substantial grid monetization investments continue, including replacing aging infrastructure, supporting system capacity additions, making reliability improvements and deploying smart electric meters and gas meter modules. Finally, for Ameren Missouri, investments continue to be focused on providing safe and adequate service across our entire system.

Speaking of Ameren Missouri, we are working on two key strategic initiatives that support important incremental investments that will deliver significant long-term benefits to our customers and the State of Missouri. These initiatives are our efforts to enhance the Missouri electric regulatory framework and our plan to add significant new generation to Ameren Missouri's energy portfolio.

Turning now to Page 6, I'll update you on the first of these strategic initiatives, our efforts to enhance the Missouri regulatory framework through legislation. As you know, over the last several years, Ameren Missouri has worked with other Missouri investor-owned electric utilities, state leaders and key stakeholders to modernize energy policies through legislation to support incremental investment in the

State's energy grid. Consistent with the benefits we have seen in Illinois and around the country, modernized policies to support energy infrastructure investments would lead to a more reliable and smarter energy grid, as well as provide greater tools for customers to manage their future energy usage. In addition, modernized policies would position us to meet our customers' energy needs and rising expectations and create significant quality jobs for Missouri.

As most of you know, the Missouri Senate passed Senate Bill 564 earlier this year on a strong bipartisan vote. The Bill is now ready to be taken up for consideration by the full Missouri House of Representatives. If the Bill passes the House without amendment, it will be sent to the Governor. If enacted, Senate Bill 564 will significantly enhance Missouri's electric regulatory framework. In particular, it would support our ability to invest an incremental \$1 billion in infrastructure through 2023 to deliver significant benefits to our customers and better position Missouri for the future.

In addition, the Missouri PSC would be granted one-time authority to pass on to customers in a very timely fashion the savings stemming from the lower federal income tax rate retroactive to January 1, 2018. Further, customers would benefit from the rate certainty this legislation provides. Electric base rates would be frozen until April 1, 2020, and average overall rate increases would be capped at 2.85% compounded annually through 2023. The legislation would also provide economic development rates for certain incremental electric sales to larger customers, and it would maintain continued strong Missouri PSC oversight and consumer protections. The bottom line is that passage of this legislation would create a win-win for our customers, the State of Missouri and our shareholders. We will continue to work closely with key stakeholders through the end of the session on May 18 to get this important legislation passed.

Moving on to Page 7 for an update on another key strategic initiative, our wind generation investment plans. We continue to make progress on Ameren Missouri's proposed investment in at least 700 megawatts, or approximately \$1 billion, of wind generation to achieve compliance with Missouri's Renewable Energy Standard. In fact, we expect to file for certificates of convenience and necessity for ownership of at least 400 megawatts by June 30 with the Missouri PSC. Decisions on these requests are expected within six to 10 months of filings. Further, we continue to hold discussions with other wind developers and expect to file for certificates of convenience and necessity for ownership of the balance of our wind generation needs this year. Finally, regional transmission organization interconnection studies are already underway for sites under consideration. We look forward to executing this important component of our Integrated Resource Plan as we believe it will deliver clear benefits to our customers, the environment and the communities we serve.

Turning now to Page 8, in February, we rolled forward our five-year growth plan, which includes our expectation of 5% to 7% compound annual earnings per share growth for the 2017 through 2022 period, using 2017 core earnings per share as a base. This earnings growth is primarily driven by expected 7% compound annual rate base growth over the same period. Importantly, our five-year earnings and rate-base growth projections do not include \$1 billion of potential incremental capital expenditures through 2023 associated with Missouri Senate Bill 564 or the incremental investment opportunity of approximately \$1 billion of wind generation by 2020. Further, we have a strong long-term infrastructure investment pipeline beyond 2022.

In closing, we believe our strong earnings outlook, combined with our solid dividend, which currently provides a yield of approximately 3.2%, results in a very attractive total return opportunity for shareholders compared to our regulated utility peers.

Now before I turn the call over to Marty, I would like to mention two recent and important enhancements to our disclosures with environmental, social and governance matters. First, in March, we issued our initial EEI/ESG Sustainability report, which will supplement Ameren's already substantial reporting on these issues. This report is part of a voluntary industry initiative, coordinated by the Edison Electric Institute, to

provide electric industry investors with more uniform and consistent environmental, social, governance and sustainability-related metrics. Finally, just last week, we issued our Annual Corporate Social Responsibility report. Both reports are available at AmerenInvestors.com.

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

Martin J. Lyons:

Thanks, Warner, and good morning, everyone. Turning now to Page 10 of our presentation, as Warner mentioned, today we reported first quarter 2018 earnings of \$0.62 per share compared to earnings of \$0.42 per share for the year-ago quarter. The key factors that drove the overall \$0.20 per share increase are highlighted by segment on this page. First, I would like to note that the lower 2018 federal corporate income tax expenses were almost entirely offset by a reduction in revenue, reflecting the expected pass through of those savings to customers. For our Transmission and Illinois Electric and Gas Distribution segments, we have already received approvals from the FERC and ICC, respectively, to pass on approximately \$115 million of 2018 federal tax savings to customers and, if Missouri Senate Bill 564 is enacted, that total would reach nearly \$250 million.

Now, back to first quarter results. Ameren Missouri, our largest segment and also the largest driver of the year-over-year earnings improvement, reported an increase of \$0.14 per share, up from \$0.02 per share in 2017 to \$0.16 per share in 2018. This improvement was driven by higher electric service rates effective April 1, 2017, as well as higher electric retail sales primarily due to colder winter temperatures this year, compared to the very mild temperatures experienced in the year-ago period. These two favorable factors were partially offset by higher other operations and maintenance expenses, primarily due to higher than normal scheduled non-nuclear plant outages.

Turning to Ameren Illinois Natural Gas results, earnings for this segment grew \$0.04 per share, reflecting increased infrastructure investments, as well as benefits related to the lower 2018 federal income tax rate, though this tax benefit is expected to almost entirely reverse by year-end 2018. Finally, earnings for Ameren Transmission and Ameren Illinois Electric Distribution were each up slightly, reflecting increased infrastructure investments. In summary, we had a positive start to the year, with increased earnings across all four operating segments.

Before moving on, let me briefly cover electric sales trends for Ameren Missouri and Ameren Illinois Electric Distribution for the first three months of this year compared to the first three months of last year. Weather-normalized kilowatt hour sales to Missouri residential and commercial customers, on a combined basis, increased about 0.5%, excluding the effects of our energy efficiency plan under MEEIA. We exclude MEEIA effects because the program provides rate recovery to ensure that earnings are not affected by reduced electric sales resulting from our energy efficiency efforts. Weather-normalized kilowatt hour sales to Illinois residential and commercial customers, on a combined basis, increased about 1%. Recall that changes in electric sales in Illinois, no matter the cause, do not affect our earnings since the Future Energy Jobs Act provided for full revenue decoupling beginning in 2017.

Moving to Page 11 of our presentation, I would now like to briefly touch on key drivers impacting our 2018 earnings guidance. As Warner stated, we continue to expect 2018 diluted earnings to be in a range of \$2.95 to \$3.15 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 2018 earnings drivers and assumptions discussed on our February earnings call.

Moving now to Page 12 for a discussion of select regulatory matters. For Ameren Transmission, there has been no change in the status of the second complaint case pending at the FERC that seeks to reduce the base allowed ROE for MISO transmission owners. We continue to expect that the FERC commissioners

will consider the court ruling in the New England ROE case, as well as the MISO transmission owners' motion to dismiss the second MISO ROE complaint case, as both may influence the future MISO allowed ROE.

Moving to Ameren Illinois Electric Distribution regulatory matters, last month, we made our required annual electric distribution 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. 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. For perspective, if the requested rate update is approved by the ICC, all-in 2019 residential electric rates for customers taking delivery and energy service from Ameren Illinois will have decreased by an estimated 1% since electric formula rate making began in 2012, even after incorporating substantial infrastructure investments made for the benefit of customers.

Moving to Page 13, and Ameren's Natural Gas regulatory matters, earlier this year, we filed with the ICC for an annual increase in gas distribution rates using a 2019 future test year. On this page, we have updated our request for stipulations and agreements with the ICC staff that incorporate a 9.87% allowed ROE and up to a 50% equity ratio. A decision is required by December of 2018, with new rates expected to be effective in January 2019.

Turning now to Missouri regulatory matters, in late February, the Missouri PSC staff issued its report recommending the Commission open a proceeding for each utility and pursue rate reductions to pass savings from the lower federal income tax rate onto customers. Of course, if Senate Bill 564 is enacted, Ameren Missouri would pass savings from the lower federal rate on to electric customers in a timely fashion and retroactively applied to January 1, 2018, pursuant to the Bill's provisions.

Finally, turning to page 14, I will summarize. We expect to deliver strong earnings growth in 2018, as we successfully execute our strategy. As we look over 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.

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

Operator:

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

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

Julien Dumoulin-Smith:

Hey, good morning.

Warner L. Baxter:

Morning, Julien. How are you doing?

Martin J. Lyons:

Good morning.

Julien Dumoulin-Smith:

Quite well, thank you very much. So I wanted to follow up first on the wind investment side of the equation. I just wanted to dig in a little bit on the 700 megawatts and the breakdown between the 400 and the balance, if you will. Can you talk a little bit about sort of the timeline here with respect to the incremental? You talked about the 400 being filed by June 30. What about the remainder here as far as a timeline to see the capex dollars, and how should we be thinking about it if you ultimately are awarded this, the cadence of the capex vis-à-vis the plan?

Warner L. Baxter:

So, Julien, this is Warner. I'll start with the overall timing, and then I'll let Marty comment a little bit more on the capex piece. As we've said, we expect to file certificates of convenience for at least 400 megawatts by June 30, and then it is our expectation that we'll fill in the rest of our wind generation needs with agreements and filings with the Missouri Public Service Commission by the end of 2018. So Michael and his team at Ameren Missouri have been working hard with that with many developers, and they will continue to do so.

So, Marty, you want to comment a little bit about the capex and the cadence associated with that?

Martin J. Lyons:

Yes, Julien, I'm taking your question in terms of the cadences, when would the capex occur relative to our plan? I think with regard to all of these projects, our objective is to get them in service by the end of 2020 in order to take advantage of the production tax credits, depending upon how we finalize negotiations. For example, if they were—ended up being build transfer agreements, then likely the capex would really occur in that 2020 timeframe. Again, the goal here is approximately 700 megawatts or at least 700 megawatts, with approximately a billion dollars overall spending.

Julien Dumoulin-Smith:

Just to clarify, why is it broken up between 400 and 300? Is it basically, if I were to read between the lines, the 400 you've sort of established and the 300 would be likely a build-on-transfer? Is that the right way to interpret this?

Warner L. Baxter:

No, it's not, Julien. It's really just the status of our ongoing negotiations. So we have ongoing negotiations with multiple developers, and it's just how we see the timeline unfolding this year in terms of completing negotiations and getting CCNs filed. It really does not have anything to do with the nature of the ultimate agreement, whether it be a build transfer or otherwise. It's really just the situation where you're negotiating with multiple developers for multiple sites, but at the end of the day, the goal with respect to all 700 is to get those megawatts into service, providing value to customers in the 2020 timeframe.

Julien Dumoulin-Smith:

Excellent. Then just as we come to the end of the legislative session here, just sort of curious, what are options, if you will, assuming there is an extension even beyond the end of the session here in the spring?

Warner L. Baxter:

Julien, this is Warner. I'm not quite sure if I understand what you mean by "options", but let me just tell you what we're focused on. We're focused on Senate Bill 564, which now has passed all the—received approval by all the necessary legislative committees. It is now very well positioned for a final vote in the House of Representatives. So as you've been following this, I know you have, there's been a great deal of hard work, collaborative efforts and compromise to get this Bill to where it's positioned now, and along the way, every time this Bill has been reviewed by one of the committees, it's received strong bipartisan support. So now we have until May 18, and so Michael Moehn and his team are very focused on working with key stakeholders to make sure that Bill gets adequate time on the floor and a vote in the House of Representatives.

Julien Dumoulin-Smith:

Got it. So it sounds like, for the time being, focused on the May 18 deadline and then we'll talk about anything after that at another point in time.

Warner L. Baxter:

We are focused on May 18, period.

Julien Dumoulin-Smith:

Excellent. Best of luck.

Warner L. Baxter:

Thank you.

Operator:

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

Paul Patterson:

Good morning.

Warner L. Baxter:

Morning, Paul.

Paul Patterson:

We're focused on May 18 as well. But anyway, just on the impact of the wind on rates, could you remind me what you guys are thinking in terms of what you think the impact of the wind projects might be on

rates? We've seen some utilities talk about actual rates going down, and I'm just wondering what you guys are thinking.

Martin J. Lyons:

Yes, Paul, this is Marty. We have not said specifically what we expect the impact to be. Over time, as we file for the certificates of convenience and need and update the Commission on our plans for compliance with the Renewable Energy Standard, we'll certainly provide that information to them. Overall, what we have said, which is consistent with the law, is that we do believe that we can ultimately own the 700 megawatts to comply with the Renewable Energy Standard, that the overall investment that we'll make and the impact on customer rates would result in rates, on average, rising less than 1% on average over a 10-year period, projected period, following the wind being put in place, and that's really a requirement of the Renewable Energy Standard.

That's not to say, however, that we expect that rates would rise that much necessarily on average. As you note, there could certainly be expected benefits from the wind over time, depending especially on what power prices are over time. So in any event, we haven't said specifically but we will be providing those updates to the Commission through time, and we do expect that, like I said, we'll be able to deliver these projects and keep the impact on rates under that 1% average.

Paul Patterson:

Okay, great. Then on the tax side, if the legislation were to happen, how do we think about this offset that you guys have, I guess, been booking in terms of the tax benefit, if you follow me? How would we think about that and how should we think about—the tax benefit impacting your earnings—I know you guys don't expect this but if the legislation were, for some reason, not to happen, how should we think about it?

Martin J. Lyons:

Well, I think if the legislation comes to pass, number one, we would expect that the Commission would have a proceeding then to figure out how much and over what period of time we would end up providing the benefits of the tax reform to customers. Again, as required by law, that proceeding could be initiated. Right now as it relates to our financial results, just to be clear, our financial results for the first quarter don't assume that any benefit is retained by the shareholders and that we've established an accrual for the expectation of ultimately providing that benefit back to customers.

Yes, I was just going to add, assuming the legislation is passed, just to be clear, within 90 days, we will be refunding that amount back to customers, and so that's still (phon) down to—in the legislation very clearly.

Paul Patterson:

Okay, so just to clarify, as far as earnings being reported, we shouldn't expect the legislation to impact that one way or the other from our perspective. Do you follow me? Is that understanding that correctly?

Martin J. Lyons:

Yes, you are understanding that correctly, Paul.

Paul Patterson:

Okay. We'll just wait until the 18th to see what happens.

Warner L. Baxter:

You bet.

Paul Patterson:

Okay, great. Thanks so much.

Warner L. Baxter:

Thanks, Paul.

Operator:

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

Paul Ridzon:

Just a follow-up to Paul's question. If legislation were not to pass, would it require a rate case to decide—to give the tax advantage back to ratepayers?

Warner L. Baxter:

Yes. I mean, we would have to go through the normal rate proceeding process to figure that out and ultimately get that back to customers, that's correct.

Paul Ridzon:

Would that be retroactive to January 1 of '18?

Warner L. Baxter:

Yet to be determined.

Paul Ridzon:

Then just—now you've kind of added another billion to the potential on top of the wind if the legislation passes. Would this—what could your rate base CAGR be? So would you displace some capital and reshuffle projects, or would this completely additive?

Martin J. Lyons:

Yes, Paul, this is Marty. It would largely be additive. Look, we need to bring the wind into the portfolio for compliance with the Renewable Energy Standard, and we'd said that, to the extent that this legislation passes, we will invest more in the State of Missouri. We've talked frequently about this potential for a billion dollars of investment over a five-year period, so we said repeatedly we will invest more in Missouri. We've not said exactly what that growth would be, and we said that, overall as a company, we would step back, however, and take a holistic look at our capital expenditure plan. We may make some modification to our overall five-year spending plan, but largely, that \$2 billion would be additive.

Paul Ridzon:

So more additive than extending the growth rate, okay. Then just on 564 and the House, what are the hurdles, and who could trip this up?

Warner L. Baxter:

I'll let—in terms of the hurdles, as I've said at the outset, and I'll let Michael comment on some more of the specifics, it's gone through all the legislative committees. There are no more committee hearings be had. It is on the House calendar and it is ready to go to the floor when the House leadership chooses to have it go to the floor. So, Michael, any other commentary beyond that?

Michael L. Moehn:

No, other than, again, just to reiterate that it has continued to experience, I think, strong bipartisan support. As Warner said, it's been through all of the various committees, the House utilities, House rules, so it sits on the calendar and can be debated at any time, and we certainly remain optimistic it'll be debated within the next week or so.

Warner L. Baxter:

Yes, because the bottom line, we talk a lot about bipartisan support. I think it's important to recognize that key stakeholders from across the state support this legislation, and so at the end of the day, we remain hopeful that we'll have an opportunity to have this debated on the floor of the House by the end of the legislative session.

Paul Ridzon:

In the past, I mean it's—similar legislation has enjoyed bipartisan support but it only takes one or two. Where are those parties now?

Michael L. Moehn:

Well, look, I think that the issues in the past, we've had difficulty getting Senate votes. This is a Senate Bill in the House. I think that's just important to recognize, so we did, going back to February, had a long filibuster and ultimately, a good compromise and a Bill that came out of the Senate 25 to 6; again, strong bipartisan support, and then again, it's gone through the various committees, so we have never been this close—never been this far through the process, and so again, remain hopeful that it certainly gets debated within the next or so. I think the support is there for it. Clearly, the benefits are there for the State of Missouri in terms of what we talked about on the income tax refund, obviously the rate freeze, the rate cap, the investment in the State of Missouri, the creation of jobs, economic development riders, etc.

Paul Ridzon:

Mm-hmm. Okay. Thank you very much. That helps.

Warner L. Baxter:

Sure. Thank you.

Operator:

As a reminder, if you would like to ask a question, press star, one on your telephone keypad. Our next question comes from the line of Michael Lapidès with Goldman Sachs. Please proceed with your question.

Michael Lapidès:

Hey, guys, thanks for taking my question and good to see the Cardinals in first place.

Warner L. Baxter:

Yes, they struggled the last couple of days but hopefully, they'll get back on track. It's good to hear from you, Michael. How are you?

Michael Lapidès:

I'm okay. Let's get Yadier back in the lineup in the coming weeks. One Missouri question and then actually, one for Illinois and then maybe a housekeeping one, so three in total. First, the Missouri question, just bigger, broader, not just this legislation but legislation in general, in the last 30 to 60 days, have any new bills made its way out of the House and the Senate and actually been signed by the Governor in the last 60 days or so?

Warner L. Baxter:

So, Michael, this is Warner. There has been a bill that went out on environmental matters that went out that was approved, but it hasn't been signed by the Governor. Michael, why don't you talk about the bill?

Michael L. Moehn:

Warner's commenting on a bill that's specific to us. I mean, obviously I think the State of Missouri continues to conduct its business. I think there's bills being passed, and I can't comment on what the Governor has signed or not signed, but I do know that the legislature continues to make progress and specifically, as Warner said to us, we passed a bill related to some coal combustion residuals last week.

Michael Lapidès:

Okay, and that bill is awaiting the Governor's signature, or has been signed and is now officially law?

Michael L. Moehn:

It is awaiting the Governor's signature.

Michael Lapidès:

Got it. Want to ask a question about Illinois and the need for incremental transmission and/or distribution investment, and I know you've kind of laid out your incremental—your capex plan starting back in the fall for the next five years. But just curious, what are things that could move the needle on that plan? I mean, make that plan look very different this time next year versus what you show in the slide decks now? What are some of the things that could say we're not putting this into our capex guidance but these are things in Illinois that could really change the capex outlook, either on the T side or the D side?

Martin J. Lyons:

Yes, Michael, this is Marty. I think the—look, our growth rates, as you know, are pretty robust in Illinois today. I mean, we've got 12.3% kind of growth rates for Gas, we've got 8.4% for Electric Distribution and then our Transmission business overall is growing at about a 12% compound annual rate and there's a significant amount of that that's actually in the Ameren Illinois business, so already growing at pretty good clips. As we look ahead, we do see a continuation of strong growth in all of those areas. In general, I'd say there's still quite a bit of investment to be done for replacement of aging infrastructure, for reliability, as well as capacity additions and safety. The electric business, obviously there's substation and transformer replacements, underground replacements, line rebuilds, pole replacement, various grid modernization of the gas business, transmission replacement, regulator station rebuilds, coupled steel system in the gas storage field, compressors, et cetera, so there's a lot of investment over the next five years and beyond as it relates to those businesses. Same thing in Transmission as it relates to aging structures, shield wire conductors, transformers, breaker switches, etc., so there's a lot of components that are in need of modernization and it's—that investment opportunity extends beyond the five years.

I don't know if there's really anything specific to point to. We've been waiting for some new regulations in the gas business for some time now that may cause us to increase even further the level of investment there we have in terms of modernization of our infrastructure. But certainly, the expenditures that we've got planned over the next five years and beyond should put us in a good position in terms of the compliance with those rules, but that is one of the things obviously to look for as you think about future investment.

Michael Lapidés:

Got it. Then one last item, just a little bit of the housekeeping side. The expected planned outages or planned work in Missouri on the non-nuclear fleet, is that just a 2018 item? I think it's an 11 or 12 cent headwind in 2018. Will all of that go away when we think about 2019, so it's just a little bit of an incremental bump to '18 but it's kind of a once every five or 10-year thing, or will some of that drag into either '19, '20 and beyond?

Martin J. Lyons:

What we're seeing there is, we took on more of that this year in light of the fact that there was no Callaway refueling outage. So in terms of that type of expense, I would expect to see that drop down as you move into 2019. But as I noted in February, I wouldn't really consider those to be one-time expenses and I don't really think that we should look at those as something that's occurring this year but won't reoccur next year. It's something that the amount varies from year to year, and I think you'd expect that we would do more of that in a non-Callaway refueling year. So I guess bottom line is, Michael, I would expect some further expenses of that nature next year but perhaps not at the level that we're seeing this year.

Michael Lapidés:

Got it. Thank you, guys. Much appreciated, as always.

Warner L. Baxter:

Thanks, Michael.

Martin J. Lyons:

Thanks.

Operator:

Our next question comes from the line of Ashar Khan with Verition Fund Management. Please proceed with your question.

Ashar Khan:

Good morning and congrats on good earnings.

Warner L. Baxter:

Good morning. Thank you.

Ashar Khan:

Marty, can I just understand one thing? I know we have the, under the legislation, certain price caps, but is it fair to say that the investments that we would make right as part of the legislation and as well as part of the wind investment that have to be done by 2020, that we should, as a shareholder, be expecting to get a return on those investments once they're fully in by the year, I guess, 2021 as we take on the wind and all that? So we should be able to, on the earnings, as you saw them on the book, be able to get a return on those investments as they are fully completed?

Michael L. Moehn:

Hi, good morning. This is Michael Moehn. With respect to the caps and the 2.85% that you reference, yes. I mean, the billion dollar incremental investment, we've talked about the wind investment, we are assuming all of those underneath the 2.85% cap, and obviously we'll have to continue to manage things closely, as we have been, from a disciplined cost management side. But absolutely, you should be expecting a return on those investments.

Ashar Khan:

Thank you so much.

Operator:

Our next question comes from the line of Paul Ridzon with KeyBanc. Please proceed with your question.

Paul Ridzon:

Just a quick follow-up. You said that Illinois Gas benefited from some tax timing issues. How much was that?

Martin J. Lyons:

Yes, Paul, it's a good question. It's honestly about a penny to two pennies in terms of, yes, the timing impact.

Paul Ridzon:

That will reverse by the end of the year, yes.

Martin J. Lyons:

Yes, exactly. So the Natural Gas segment earnings were up about \$0.04 and, like I say, \$0.01 to \$0.02 of that would reverse over the remainder of the year.

Paul Ridzon:

Then the fossil outages that are going to be \$0.11 for the balance of the year, should we think that those are in the shoulder months so we should see those in the 2Q and 4Q?

Martin J. Lyons:

Yes, yes, I think that's a fair assumption in terms of those overall expenses. When we talk—when we gave our guidance at the beginning of the year and we said higher O&M in Missouri of \$0.14 and we talked about the scheduled non-nuclear outages, which you're right, would generally occur in shoulder months, also talked about timing of vegetation and management, routine line inspections, which would be more ratable through the year, but you're absolutely right as it relates to the outage costs.

Paul Ridzon:

Okay. Thank you very much.

Operator:

Our next question comes from the line of Kevin Fallon with Citadel. Please proceed with your question.

Kevin Fallon:

Good morning.

Warner L. Baxter:

Morning.

Kevin Fallon:

Just a question for you. Hey, how are you?

Warner L. Baxter:

(Inaudible).

Kevin Fallon:

A question on the Transmission businesses. You have a thicker equity ratio at ATXI than you do at Ameren Illinois Transmission. Is there any chance that you guys can increase the equity ratio at Ameren Illinois Transmission up to the 56%, and if so, how do you have to do that?

Martin J. Lyons:

Yes, Kevin, this is Marty. The Ameren Illinois would really reflect the capital structure of that legal entity, so I would say to assume that going forward, and of course, it's a holistic business, Ameren Illinois, with gas, electric and transmission. As we noted earlier, both in the Gas and the Electric Distribution businesses, we're targeting a 50% equity ratio there, in keeping with the agreements we have for rate making under both of those two areas. So again, Kevin, I would look—as you look ahead of today and in the future, I'd simply look at the equity ratio for the Ameren Illinois business overall.

Kevin Fallon:

Okay. That's helpful. Then on the timing on a capex refresh, assuming the legislation in Missouri gets done by the 18th, when are you guys going to be in a position to actually refresh your outlook?

Martin J. Lyons:

I think, Kevin, as we've been given this thought, obviously we have reported out today, both in our prepared remarks and our Q&A, sort of the status of the ongoing wind negotiations, there again, looking to file CCNs, some by June 30, some by later in the year. We've updated you on the situation in terms of the legislation. Look, I mean as we look ahead, I think it'd be reasonable to assume that we might update the plans as early as the third quarter call, but then again, as has been more typical, we've done that in conjunction with our year-end call. So I think we will—again, we're progressing well on both of those initiatives, but I think we'll let both of those things play out a little further and be thinking again, either late this year or early next in terms of an update.

Kevin Fallon:

Just to clarify, on the legislatively related capex, you guys already have line of sight of what you want to do, correct? Like, you know what the projects are behind the \$1 billion?

Michael L. Moehn:

Yes. I mean, we filed a filing back in 2016 that outlined a billion dollars, and yes, I would say that we continue to refine that and make sure that we've got exactly the right projects, but that gives you a pretty good glimpse of where we're headed on the grid modernization.

Kevin Fallon:

Okay, that's great. Thank you very much.

Martin J. Lyons:

Thanks, Kevin.

Operator:

Our next question is a follow-up from Michael Lapedes with Goldman Sachs. Please proceed with your question.

Michael Lapidès:

Hey, guys, a nitty-gritty tax reform question, probably for Marty. Have you all quantified what the excess or unprotected accumulated deferred federal income tax is, and what the time horizon, either in the Missouri Bill or in something in Illinois, what the time horizon is for refunding that level back to customers?

Martin J. Lyons:

Michael, probably in the details of the regulatory filings, those things are probably embedded, but I'll be honest with you. Off the top of my head, I don't have that number and I do think that the actual timing of the flow back is somewhat still up in the air as it relates to, especially Missouri where we don't yet have a definitive timeline on—or amount that would be flowing back to customers. So that's something, Michael, I just don't have at the top of my head. We can see if we can provide that to you over time, but I don't think either that we have it in our 10-Q that we plan to file either, so that may be something we'll have to provide you over time.

Operator:

Thank you. We have reached the end of the question-and-answer session. I would now like to turn the floor back over to Mr. Fischer for closing comments.

Doug Fischer:

Thank you. 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, thanks for your interest in Ameren and have a great day.

Operator:

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