

09-May-2019

# Ameren Corp. (AEE)

Q1 2019 Earnings Call

## 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, 2018, and elsewhere in this transcript and in our other filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- regulatory, judicial, or legislative actions, and any changes in regulatory policies and ratemaking determinations, such as those that may result from the complaint case filed in February 2015 with the Federal Energy Regulatory Commission (FERC), a new methodology to determine the allowed base return on common equity under the Midcontinent Independent System Operator (MISO) tariff proposed by the FERC in November 2018, the Notices of Inquiry issued by the FERC in March 2019, Ameren Missouri's natural gas regulatory rate review filed with the Missouri Public Service Commission in December 2018, an appeal filed by the Missouri Office of Public Counsel in January 2019 in Ameren Missouri's renewable energy standard rate adjustment mechanism case, Ameren Illinois' April 2019 annual electric distribution formula rate update filing, and future regulatory, judicial, or legislative actions that change regulatory recovery mechanisms;
- the effect of Ameren Illinois' participation in performance-based formula ratemaking frameworks under the Illinois Energy Infrastructure Modernization Act and the Future Energy Jobs Act (FEJA), including the direct relationship between Ameren Illinois' return on common equity and the 30-year United States Treasury bond yields, and the related financial commitments;
- the effect of Missouri Senate Bill 564 on Ameren Missouri, including as a result of Ameren Missouri's election to use plant-in-service accounting and the resulting customer rate caps;
- the effects of changes in federal, state, or local laws and other governmental actions, including monetary, fiscal, and energy policies;
- the effects of changes in federal, state, or local tax laws, regulations, interpretations, or rates, amendments or technical corrections to the Tax Cuts and Jobs Act of 2017 (TCJA), and 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, energy storage, and private generation sources, which generate electricity at the site of consumption and are becoming more cost-competitive;
- the effectiveness of Ameren Missouri's customer energy-efficiency programs and the related revenues and performance incentives earned under its Missouri Energy Efficiency Investment Act programs;
- Ameren Illinois' ability to achieve the performance standards applicable to its electric distribution business and the FEJA electric customer energy-efficiency goals and the resulting impact on its allowed return on equity;
- our ability to align overall spending, both operating and capital, with frameworks established by our regulators and to recover these costs in a timely manner in our attempt to earn our allowed returns on equity;
- the cost and availability of fuel, such as ultra-low-sulfur coal, natural gas, and enriched uranium used to produce electricity; the cost and availability of purchased power, zero emission credits, renewable energy credits, and natural gas for distribution; and the level and volatility of future market prices for such commodities and credits, including our ability to recover the costs for such commodities and credits and our customers' tolerance for any related price increases;
- disruptions in the delivery of fuel, failure of our fuel suppliers to provide adequate quantities or quality of fuel, or lack of adequate inventories of fuel, including nuclear fuel assemblies from the one Nuclear Regulatory Commission-licensed supplier of Ameren Missouri's Callaway energy center's assemblies;
- the cost and availability of transmission capacity for the energy generated by Ameren Missouri's energy centers or required to satisfy Ameren Missouri's energy sales;
- the effectiveness of our risk management strategies and our use of financial and derivative instruments;

- the ability to obtain sufficient insurance, including insurance for Ameren Missouri's Callaway energy center, or, in the absence of insurance, the ability to recover uninsured losses from our customers;
- the impact of cyberattacks on us or our suppliers, which could, among other things, result in the loss of operational control of energy centers and electric and natural gas transmission and distribution systems and/or the loss of data, such as customer, employee, financial, and operating system information;
- business and economic conditions, including their impact on interest rates, collection of our receivable balances, and demand for our products;
- disruptions of the capital markets, deterioration in our credit metrics, including as a result of the implementation of the TCJA, or other events that may have an adverse effect on the cost or availability of capital, including short-term credit and liquidity;
- the actions of credit rating agencies and the effects of such actions;
- the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments;
- the impact of weather conditions and other natural phenomena on us and our customers, including the impact of system outages;
- the construction, installation, performance, and cost recovery of generation, transmission, and distribution assets;
- the effects of 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 breakdowns or failures of electric generation, transmission, or distribution equipment or facilities, which could result in unanticipated liabilities or unplanned outages;
- the operation of Ameren Missouri's Callaway energy center, including planned and unplanned outages, and decommissioning costs;
- the impact of current environmental laws and new, more stringent, or changing requirements, including those related to carbon dioxide and the proposed repeal and replacement of the Clean Power Plan and potential adoption and implementation of the Affordable Clean Energy Rule, other emissions and discharges, cooling water intake structures, coal combustion residuals, and energy efficiency, that could limit or terminate the operation of certain of Ameren Missouri's energy centers, increase our operating costs or investment requirements, result in an impairment of our assets, cause us to sell our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;
- the impact of complying with renewable energy requirements in Missouri and Illinois and with the zero emission standard in Illinois;
- Ameren Missouri's ability to acquire wind and other renewable generation facilities and recover its cost of investment and related return in a timely manner, which is affected by the ability to obtain all necessary project approvals; the availability of federal production and investment tax credits related to renewable energy and Ameren Missouri's ability to use such credits; the cost of wind and solar generation technologies; and Ameren Missouri's ability to obtain timely interconnection agreements with MISO or other regional transmission organizations, including the costs of such interconnections;
- labor disputes, work force reductions, changes in future wage and employee benefits costs, including those resulting from changes in discount rates, mortality tables, returns on benefit plan assets, and other assumptions;
- the impact of negative opinions of us or our utility services that our customers, legislators, or regulators may have or develop, which could result from a variety of factors, including failures in system reliability, failure to implement our investment plans or to protect sensitive customer information, increases in rates, or negative media coverage;
- the impact of adopting new accounting guidance;
- the effects of strategic initiatives, including mergers, acquisitions, and divestitures;
- legal and administrative proceedings; and
- acts of sabotage, war, terrorism, or other intentionally disruptive acts.

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

## CORPORATE PARTICIPANTS

Andrew Kirk

*Director-Investor Relations, Ameren Corp.*

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

Richard J. Mark

*Chairman & President, Ameren Illinois Co.*

Michael L. Moehn

*Chairman & President, Ameren Missouri*

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## OTHER PARTICIPANTS

Nicholas Campanella

*Analyst, Bank of America Merrill Lynch*

Insoo Kim

*Analyst, Goldman Sachs & Co. LLC*

Paul Patterson

*Analyst, Glenrock Associates LLC*

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Ashar Hasan Khan

*Manager, Verition Fund Management LLC*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Greetings. Welcome to the Ameren Corporation First Quarter 2019 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] Please note this conference is being recorded.

I will now turn the conference over to your host, Andrew Kirk, Director of Investor Relations for Ameren Corporation. Mr. Kirk, you may begin.

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Andrew Kirk

*Director-Investor Relations, Ameren Corp.*

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 the 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's accurate only as of the date of today's call and redistribution of this broadcast is prohibited. To assist with our call this morning, we have posted a presentation on the [amereninvestors.com](http://amereninvestors.com) homepage that will be referenced during this presentation. As noted on page 2 of the presentation, comments made during this conference call may

contain statements that are commonly referred to as forward-looking statements. Such statements include those about future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. We caution you that various factors could cause actual results to differ materially from those anticipated. For additional information concerning these factors please read the forward-looking statements section in the news release we issued today and the forward-looking statements and risk factors sections in our filings with the SEC. Lastly, all per share earnings amounts discussed during today's presentation including earnings guidance are presented on a diluted basis unless otherwise noted.

And here's Warner who will start on page 4 of our presentation.

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## Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

Thanks, Andrew. Good morning everyone and thank you for joining us. Earlier today we announced first quarter 2019 earnings of \$0.78 per share compared to \$0.62 per share earned in 2018. The year-over-year increase of \$0.16 per share reflected the benefits of increased infrastructure investments that will drive significant long-term benefits for our customers. The key drivers of first quarter results are described on this slide. Ameren Illinois Natural Gas earnings increased as a result of higher delivery service rates, incorporating increased infrastructure investments and a change in rate design. Increased infrastructure investments also drove higher earnings at Ameren Transmission and Ameren Illinois Electric Distribution, each of which benefits from formulaic rate-making. Ameren Missouri earnings also rose, reflecting higher weather-driven electric retail sales and energy efficiency performance incentives that offset the impact of timing differences in 2018 related to Federal tax reform. Marty will discuss these and other factors driving the quarterly results in more detail in a moment. I am also pleased to report that we continue to effectively execute our strategic plan and remain on track to deliver within our 2019 earnings guidance range of \$3.15 per share to \$3.35 per share.

Moving to page 5, here we reiterate our strategic plan which we have been executing very well over the last several years. We expect our plan to continue delivering significant value for our customers and strong long-term earnings growth for shareholders. As you can see on the right side of this page, during the first three months of this year we invested significant capital in each of our business segments to better serve our customers. Each segment is carrying out comprehensive grid modernization plans, and we continue to believe the pipeline of potential investments remains robust. Of course, we remain relentlessly focused on continuous improvement and disciplined cost management to keep rates affordable and earn returns close to the allowed returns in all of our jurisdictions.

Moving now to page 6 for an update on our wind generation investment plans to achieve compliance with Missouri's renewable energy standard and continue to transition our generation portfolio. Ameren Missouri has reached agreements with two developers to acquire, after construction, up to 557 megawatts of wind generation, representing about 80% of our compliance needs under the Missouri renewable energy standard. In early March the Missouri PSC approved our certificate of convenience and necessity requests for the proposed 157-megawatt facility to be located in Northwest Missouri. Now, 557 megawatts of wind generation have been approved by the Missouri PSC. Additional key milestones for each wind facility are to finalize MISO interconnection costs and obtain transmission interconnection agreements. These two wind generation facilities collectively represent an approximate \$1 billion investment and are expected to be in service by the end of 2020.

Of course, we are not done. Our team continues to actively negotiate with developers for additional wind generation to comply with the Missouri renewable energy standard. Any additional investments in wind generation will be incremental to the five-year capital and rate-base growth plan discussed on our call in February. We remain confident in our ability to complete these negotiations, obtain necessary regulatory approvals, and have

these facilities constructed in a timely fashion. We believe these investments will deliver clear long-term benefits to our customers, the communities we serve, and the environment.

Moving now to page 7 and an update on Illinois business activities. Today there was legislation pending in both the House of Representatives and the Senate of the Illinois General Assembly that would extend the Illinois Energy Infrastructure Modernization Act beyond the December 2022 sunset date and continue performance metrics and energy assistance programs to low income consumers. Since 2012 this constructive electric regulatory framework included in this legislation has supported significant investment to modernize the energy grid. Ameren Illinois has installed hundreds of miles of storm-resistant utility poles and power lines along with advanced technology that detects service disruptions and immediately reroutes power. In addition, more than 1 million smart meters are providing customers with enhanced energy usage data and access to programs to help them save on their energy bills. These investments have contributed to a 20% overall improvement in reliability since 2012.

In addition, our investments in infrastructure enabled by this constructive energy policy have created approximately 1,400 new jobs in Illinois. Finally, we've been able to make all of these investments and create jobs while keeping customer rates well below the Midwest and national averages. We expect that all-in 2020 residential electric rates for customers taking delivery and energy supply from Ameren Illinois will be lower by approximately 1% since electric formula rate-making began in 2012, even after incorporating substantial infrastructure investments made for the benefit of customers and the communities we serve.

With these benefits in mind, I am pleased to report that House Bill 3152, which would extend the formula rate framework for 10 years from 2022 to 2032 passed the Public Utilities Committee in mid-April. This bill is now pending before the full House of Representatives. House Bill 2080 awaits action by the full Senate. If either of these bills is enacted, it will help to ensure that Illinois continues to be one of the leading states for grid modernization. Policymakers have already extended formula rates twice since 2012, and we are focused on working with key stakeholders to get this important legislation passed this year.

In addition, there are several other legislative proposals that we are monitoring. As you would expect, we are carefully analyzing these proposals and engaging with key stakeholders with an eye toward ensuring that any changes to state energy policy are in the best long-term interest of Ameren Illinois customers. The legislative session ends on May 31.

Moving to page 8, to sum up our value proposition we believe that the execution of our strategy in 2019 and beyond will continue to deliver superior value to our customers and shareholders. In February we rolled forward our five-year growth plan which included our expectation of 6% to 8% compound annual earnings per share growth for the 2018 to 2023 period using 2018 weather-normalized core earnings per share as a base. This earnings growth is primarily driven by an expected 8% compound annual rate base growth over the same period. Our strong earnings growth expectation positions us well for future dividend growth. Of course, future dividend decisions will be driven by earnings growth in addition to cash flows and other business conditions. Together, we believe our strong earnings growth outlook combined with our solid dividend which currently provides a yield of approximately 2.7%, results in a very attractive total return opportunity for shareholders.

Now before I turn the call over to Marty, I would like to mention two recent and important additions to our disclosures on environmental, social, and governance matters. First, in March we published a report called Building a Cleaner Energy Future. This report outlines how we are effectively managing and balancing climate-related risks. And just last week, we issued our annual corporate social responsibility report. Both reports are

available at [amereninvestors.com](http://amereninvestors.com). I would also like to call to your attention two slides in the appendix of our presentation today dedicated to environmental, social, and governance matters.

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

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## Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

Thank you, Warner, and good morning everyone. Turning now to page 10 of our presentation, today we reported first quarter 2019 earnings of \$0.78 per share compared to earnings of \$0.62 per share for the year ago quarter. The key factors that drove the overall \$0.16 per share increase are highlighted by segment on this page. Earnings for Ameren Illinois Natural Gas were up \$0.05, reflecting higher delivery service rates that were effective in November 2018 incorporating increased infrastructure investments and a higher allowed ROE as well as a change in rate design. The first quarter 2019 benefit from the change in rate design is not expected to impact full year results.

Earnings for Ameren Transmission and Ameren Illinois Electric Distribution were up \$0.03 and \$0.02 respectively, reflecting increased infrastructure investments. Ameren Missouri, our largest segment, reported earnings that were also up, though slightly. The results reflected higher electric retail sales due, in part, to colder winter temperatures in 2019 compared to the year ago period which contributed approximately \$0.03 per share as well as recognition of MEEIA performance incentives related to the 2013 and 2016 energy efficiency plans which contributed \$0.05 per share. These favorable factors offset \$0.08 of timing differences in 2018 between income tax expense and revenue reductions related to Federal tax reform. These timing differences will impact 2019 quarterly earnings comparisons but are not expected to impact the full year comparison.

Finally, Ameren parent and other results increased \$0.06, reflecting a lower effective tax rate, primarily due to tax benefits associated with share-based compensation and timing of income tax expense. This income tax expense item is not expected to impact full year results.

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 1%, excluding the effects of our Missouri energy efficiency plan under MEEIA. Kilowatt hour sales to Missouri industrial customers decreased 3% after excluding the effects of our energy efficiency plan. We exclude MEEIA effects because the plan provides rate recovery to ensure that earnings are not affected by reduced electric sales resulting from our energy efficiency efforts. Weather-normalized kilowatt hour sales to Illinois residential and commercial customers on a combined basis decreased about 1.5%, and kilowatt hour sales to Illinois industrial customers decreased 2%. Recall that changes in electric sales in Illinois, no matter the cause, did not affect our earnings since we have full revenue decoupling.

Moving to page 11 of our presentation, I would now like to briefly touch on key drivers impacting our 2019 earnings guidance. We're off to a solid start in 2019 and, as Warner stated, we continue to expect 2019 diluted earnings to be in a range of \$3.15 to \$3.35 per share. Select earnings considerations for the balance of the year are listed on this page and are supplemental to the key drivers and assumptions discussed on our earnings call in February. I will note that our second quarter earnings comparison will be negatively impacted at Ameren Missouri by the return to normal weather and the spring 2019 Callaway refueling and maintenance outage. Together, these two items are expected to reduce second quarter earnings by approximately \$0.30 per share year-over-year. I encourage you to take this into consideration as you develop your expectations for our second quarter earnings results. In addition, we expect the first quarter timing differences related to income tax expense in Ameren

Missouri and Ameren parent to cause quarterly variations for the balance of the year. However, they are not expected to impact the full year earnings comparison.

Moving now to page 12 for a discussion of select regulatory matters. Last Friday, Ameren Missouri provided a 60-day notice to the Missouri Public Service Commission of its intention to file for an electric rate review which we plan to file as early as July. Some of the key drivers of this rate review include increased infrastructure investments and other costs of service, and it will incorporate lower coal and transportation expenses into base rates. Base rates were last reset April 1, 2017 and are required to be reset at least every four years to allow for continued use of the fuel adjustment clause. This filing will allow us to meet that requirement and provide flexibility to time our next rate review to include our wind generation investments. We will provide additional information when we file and won't go into any further details today. Our goal remains to invest in energy infrastructure to improve customer service and satisfaction while keeping rates affordable and keeping earned returns close to the allowed returns in all of our jurisdictions.

Moving to Ameren Illinois Electric Distribution regulatory matters, last month we made our required annual electric distribution rate update filing requesting a \$7 million base rate decrease. Under Illinois' formula rate-making, Ameren Illinois 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.

Turning to page 13, for Ameren Transmission there have been recent developments that may impact the base allowed ROE for MISO transmission owners. In November 2018 the FERC issued an order in the MISO ROE complaint cases proposing a new methodology for determining the base allowed ROE. The MISO transmission owners, including Ameren, filed initial briefs and reply briefs regarding the proposed new methodology. We believe the FERC proposed methodology, with certain modifications, would be an improvement over the existing approach. In addition, in March the FERC issued two Notices of Inquiry regarding transmission ROEs and incentives. The base ROE Notice of Inquiry broadens stakeholder input beyond the parties to ongoing complaint cases. The transmission incentives Notice of Inquiry seeks comments on FERC's electric transmission incentives policy. We are unable to predict the timing and ultimate impact of the proposed ROE methodology on the complaint cases or the Notices of Inquiry at this time.

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

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

## QUESTION AND ANSWER SECTION

**Operator:** At this time, we will be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Julien Dumoulin-Smith from Bank of America Merrill Lynch. Please proceed with your question.

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**Warner L. Baxter**  
*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Good morning, Julien.

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**Nicholas Campanella**  
*Analyst, Bank of America Merrill Lynch*

Q

Hey, good morning. This is actually Nick Campanella on for Julien today.

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**Warner L. Baxter**  
*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Hey, Nick. How are you doing?

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**Nicholas Campanella**  
*Analyst, Bank of America Merrill Lynch*

Q

Hey, good. I hope you guys are doing well, too.

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**Warner L. Baxter**  
*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

We are. Thank you.

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**Nicholas Campanella**  
*Analyst, Bank of America Merrill Lynch*

Q

Just to kick it off here, I know that you guys mentioned in your prepared remarks Missouri rate review is for the timing of some of these wind investments and whatnot. But just given you have the RESRAM there and then also the PISA and the fact that the fuel tracker – it implies that it doesn't need to be renewed until 2021, I guess the question is why now?

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**Martin J. Lyons**  
*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

Yeah. Sure, Nick. This is Marty and thanks for the question. So as we said on the call, we do plan to file for an electric rate case as early as July. Recall that we've been saying for a while that we expected to file between May 1 of this year, 2019, and May 1, 2020. We really have to file before May 1, 2020 in order to keep the fuel adjustment clause. And of course, our rate case – when you think about it, Missouri typically takes 11 months and only allows for rate base true-ups to a date about six months post filing. So those are some considerations or constraints when you think about the timing of these cases and you think about the wind assets being completed in late 2020. So in any event, as we said on the call the filing in July allows us to do a couple things; update rates for infrastructure investments and other costs of service that have changed over the past few years and

incorporate these lower coal and transportation costs into base rates. And then number two, it provides us flexibility around the timing of that next rate review to include the wind.

Couple things to note related to your question. Our last rate update was in April of 2017; it was based on a March 31, 2016 test year with a true-up to December 31, 2016, so it has been a few years. And of course, the PISA that we began to use late in 2018 again didn't apply to any rate base infrastructure investments made before that date, so those types of things would be picked up in this base rate increase. With regard to your sort of prospective question on the wind assets, I mean, you're right; the PISA and RESRAM will allow investors to make sure that they're whole in terms of the return on the wind. But as you might recall, both the cash and the recognition of a full equity return will not be recognized until after a subsequent rate review. So including those wind assets in a rate review will be important in that regard.

Nicholas Campanella  
*Analyst, Bank of America Merrill Lynch*

Q

That was very clear, I appreciate it. I guess just on financing the plan, I think everyone saw Moody's come out with a lower FFO to debt target at the parent. Has this changed your equity need for the wind CapEx at all in your mind?

Martin J. Lyons  
*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

Nick, thanks again for that question. So look, bottom line answer to your question is no. We still feel like the financing plans we talked about on the second quarter call are appropriate. You recall that as it relates to equity that includes issuing equity through our dividend reinvestment employee benefit plans over the course of the next five years – it's about \$100 million per year – and then also incremental common equity issuance to fund a portion of our ultimate total wind investment, and so those are the plans that we have and we're going to stick with those.

Appreciate your question about the Moody's action though. It's just one consideration amongst the number when we think about financing our business going forward. We were pleased with the action Moody's took. For those on the call, you recall that our Ameren Corp. issuer rating at S&P is a BBB+ with a stable outlook; there we have an FFO to debt threshold of 13%. At Moody's we have a Baa1 issuer rating also with a stable outlook. And there's where, as Nick points out, Moody's lowered the threshold on the cash flows from operations pre-working capital to total debt; they lowered that threshold from 19% to 17%. So we are pleased that Moody's took that action. We believe it brings that threshold closer in line with our peers, and certainly it does provide us some more flexibility with regard to financing within that range.

But again, it's just one consideration that we think about. When we look at financing the business, we've always looked to maintain very strong balance sheets. On our call in February we said one of our expectations over the next five years was to be able to maintain capitalization structures similar to those that existed at year end and as existed March 31, and we seek to make sure that as we carry out these infrastructure investments, including the wind, that we position those for success and the regulatory proceedings that follow. So there are a lot of things we take into consideration, but bottom line is we expect the financing plan we laid out on February to continue to be our plan going forward.

Nicholas Campanella  
*Analyst, Bank of America Merrill Lynch*

Q

Hey, thanks a lot. I'll leave it there. Congrats on a strong quarter.

Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

Thanks, Nick.

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Thanks, Nick. Have a good day.

**Operator:** Our next question comes from line of Insoo Kim from Goldman Sachs. Please proceed with your question.

Insoo Kim

*Analyst, Goldman Sachs & Co. LLC*

Q

Hey, good morning. Just one question on the wind investments. Maybe just a quick update on beyond the 700 megawatts that you guys plan to have by the end of 2020. Has your strategy or outlook changed on the incremental megawatts through the 2023 planning horizon?

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Well good morning, Insoo. How are you doing? Appreciate the question.

Insoo Kim

*Analyst, Goldman Sachs & Co. LLC*

Q

Good.

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

This is Warner. No. The bottom line is no. As we said before, we are focused on obtaining at least 700 megawatts of additional wind generation, and as I said on the call a moment ago we continue to negotiate with developers for that additional wind generation and we remain confident in our ability not only to negotiate successfully with those developers but also to move through the regulatory approval process and get the facilities constructed in a timely fashion. So while we like to point to 700 megawatts, I mean, we're very pleased with the fact that as we sit here today we have 557 megawatts not only negotiated but approved by the Missouri Public Service Commission. So Michael Moehn and his team have worked effectively with stakeholders to get those deals across the finish line from an approval perspective, and so we look forward to bringing more to the Missouri Public Service Commission in the future. Keeping in mind, as you I'm sure understand, that trying to find projects that fit just nicely into 700 megawatts, that just is not likely just because projects don't come in sort of bite sizes. And so as we look forward we'll look forward to the next deal to get done in a timely fashion and get it across the finish line.

Insoo Kim

*Analyst, Goldman Sachs & Co. LLC*

Q

Yeah, that's clear. And then in terms of the rate case filing beyond this rate case cycle and given the different mechanisms you do have in place like PISA and RESRAM, should we expect the next timing of the Missouri rate case to be at least two to three years down the line to meet the every four-year requirement or could we see a potential filing sooner than that?

Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

Yeah. This is Marty again. Look, I mean, we'd like to have as much time as possible between rate case filings. As I mentioned, this next one we plan to file, next rate review in July would represent three years between the last one and this one and is somewhat being driven by the infrastructure investments made prior to PISA but also driven by, as I mentioned earlier, the expected timing of our wind investments and the timing of the next rate case. So I wouldn't read anything into that other than what we've laid out in terms of future cycles or periods of time between cases. Again, we've said many times that the fuel adjustment clause does require us to file for rate reviews at least every four years, so I would say four years or less but we'd like to make the period as great as possible frankly.

Insoo Kim

*Analyst, Goldman Sachs & Co. LLC*

Q

Understood. Thank you very much.

**Operator:** Our next question comes from the line of Paul Patterson from Glenrock Associates. Please proceed...

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Good morning, Paul.

**Operator:** ...with your question.

Paul Patterson

*Analyst, Glenrock Associates LLC*

Q

Hey. Good morning guys. Just on Illinois, as you know there's a lot of legislative activity I guess going on there with certain utilities and non-utilities for budgetary-related kind of issues. And I'm just wondering sort of how you see the politics sort of working there procedurally and whether or not the EIMA extension bill might get wrapped in with others or just sort of how you see all that stuff sort of unfolding? And sort of just in general, the – I know you guys don't own generation in Illinois, but just how you look at the capacity procurement legislation vis-à-vis potential – just how it might influence just your thoughts on that. If you'd like to opine on it?

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Sure, Paul. This is Warner and I'll invite Richard Mark to add anything after I offer some of these comments. Look, talking about the EIMA provision by the Modernization Act that we've been talking about that I referred to in my talking points, look, we certainly can't predict what happens here over the next several weeks. But the only thing we can say about that legislation is that it has produced significant benefits for all stakeholders – our customers, the State of Illinois, and certainly our shareholders – and I have outlined those benefits in terms of reliability, affordability, job creation, and really driving a more modernized grid in Illinois. So as a result, when we think about what might happen here over the next several weeks, the fact that that legislation or that policy has been so strong and has been extended twice, that puts us in a good position, we believe, for legislators to take notice that this is something that we want to continue.

And so I think this is why you saw the strong votes in the committee, and Richard and his team has done a great job with many other stakeholders to position two bills, one in the House and one in the Senate, to move forward.

So we can't predict right now where they stand; they stand with nothing else on them. And certainly, hopefully that'll be the way it'll continue here over the next several weeks. As you said before, you're right; there are several legislative proposals in Illinois that relate to what I would call energy policy. And, look, I think our vested interests in all those bills is what the impact could be on our customers, and so we're at the table working with stakeholders to make sure that our customers' best interests are being looked out for.

No, I'm not going to comment on any particular piece of legislation at this point. Yes, there's certainly legislation out there related to the capacity markets related principally to Exelon, but it's too uncertain to see just exactly where they may or may not go here over the next several weeks and/or in a veto session. So Richard, I highlighted it at a very high level. Is there anything else that you would like to add?

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Richard J. Mark  
*Chairman & President, Ameren Illinois Co.*

A

No. Thanks, Warner. I thought you covered it really good but I would just add that, as you said, the policymakers have seen this legislation twice. Many of them have voted on extending it twice. They've seen the job creation that formula rates have brought to the State of Illinois and the value of it. So they're familiar with it and I think that's a benefit as they look at it going forward.

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Warner L. Baxter  
*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

I agree. Thank you.

---

Paul Patterson  
*Analyst, Glenrock Associates LLC*

Q

But let's just say for whatever reason because there are lots of – I mean, going beyond the merits of the legislation, just if it does for whatever reason as shocking or not maybe that they don't get to it this session. If it goes to the veto session or next could it be addressed? Is there any timing issue that we should be concerned about if it doesn't get passed this session?

---

Warner L. Baxter  
*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Yeah, Paul. So look, I think – as I said, this legislative session ends on May 31. And so as you know in Illinois it is possible that legislation can be passed during the veto session. And so while that's the case, look, I'll tell you that Richard and his team are focused on getting this important legislation passed this legislative session, not the veto session. And for all the reasons before, we're hopeful that that will happen. And if it gets to the veto session, look, we'll just cross that bridge if and when we come to it. But right now we're very focused on getting this across the line this veto session by May 31.

---

Paul Patterson  
*Analyst, Glenrock Associates LLC*

Q

Okay, great. And then just on the Missouri rate case, can you give us any sort of rough sense as to how much you might be seeking or just – I mean, I know it's early but you guys have filed notice and it's going to be a couple months we're going to get the full details, but is there any rough sense you want to give us as to what the impact could be on that?

Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

Paul, this is Marty. No.

Paul Patterson

*Analyst, Glenrock Associates LLC*

Q

Okay.

Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

We'll make that filing and let it speak for itself. I mean, I think we gave you some of the broad outline of what it'll include which is not only the increased rate base and infrastructure investments over the past few years and changes in cost of service but also noted that it will also incorporate into base rates the lower coal and transportation cost which we've begun to realize over the past year. And so those are some of the broad things that'll be included but no further specificity at this time.

Paul Patterson

*Analyst, Glenrock Associates LLC*

Q

Okay. Great. Thanks so much guys.

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Thanks, Paul.

**Operator:** Our next question comes from the line of Greg Reiss from Centenus. Please proceed with your question.

Gregory Reiss

*Sector Head, Centenus Global Management LP*

Q

Hey guys. Congrats on a good call. Most of my questions have been answered. Just really quickly. This rate case, is it going to include the wind, the 557 megawatts?

Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

Greg, it's Marty. No, it would not. I mean, again, I mentioned it is a key consideration because in this case it won't, the wind won't be included in a rate review until it's actually in service. And so it's a key consideration on why we're filing now to provide flexibility in terms of the next rate review to be able to pick up that wind investment once it's placed in service which, again, we expect to be in late 2020.

Gregory Reiss

*Sector Head, Centenus Global Management LP*

Q

Okay.

Michael L. Moehn

*Chairman & President, Ameren Missouri*

A

Yeah. I would just note – this is Michael Moehn – that, I mean, the true-up period with respect to this case assuming it's filed in July would be most likely through the end of 2019.

Gregory Reiss

*Sector Head, Centenus Global Management LP*

Q

Got you, prefect. And then just any update on kind of how negotiations are going on with the incremental wind?

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Michael – this is Warner. I noted a little bit before that we're negotiating with developers. Any particular insight you want to offer at this point in time?

Michael L. Moehn

*Chairman & President, Ameren Missouri*

A

No. Look, I'd just echo what you said is that we remain confident that we're going to get this done. We're very focused on – we're making good progress and very focused on making sure that we meet the renewable standard by the end of 2020.

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

And to your point, look, I think Michael and his team have been working very hard to make sure we get the best deal for our customers, right? This is why we want to make sure we're thoughtful about it. Of course, we're mindful of 2020 and we're confident in getting that done, but we want to get the best deal for our customers and so that's exactly what we're doing.

Gregory Reiss

*Sector Head, Centenus Global Management LP*

Q

Prefect. Thank you.

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Thank you.

**Operator:** [Operator Instructions] Our next question comes from the line of Ashar Khan from Verition. Please proceed with you question.

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Good morning, Ashar.

Ashar Hasan Khan

*Manager, Verition Fund Management LLC*

Q

Hi. How are you doing, Warner? Really good earnings.

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Thank you.

Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

Thank you.

Ashar Hasan Khan

*Manager, Verition Fund Management LLC*

Q

Can I just ask you – just wanted to – you laid down the factors for the remaining three quarters. So can you just talk a little bit about O&M? O&M was to be a little bit lower this year, Marty, and I wanted to check how that went versus the first quarter or are most of those savings going to come in the last three quarters?

Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

Yeah, Ashar. Thanks for the question. I mean, you're absolutely right. So we guided at the beginning of the year when we talked about 2019 that excluding the impacts of the Callaway refueling and maintenance outage that we expected lower operations and maintenance expenses, about \$0.05 year-over-year from 2018 to 2019 – and Ashar, we're tracking well against that expectation. You will recall that last year some of those higher O&M cost did come in the latter part of the year associated with some outages at non-nuclear plants as well as other costs. So my recollection is those were kind of back end-loaded last year but we are on track to achieve that \$0.05 year-over-year improvement.

Ashar Hasan Khan

*Manager, Verition Fund Management LLC*

Q

Okay, okay. Thank you. Thank you so much.

Warner L. Baxter

*Chairman, President & Chief Executive Officer, Ameren Corp.*

A

Thank you, Ashar.

Martin J. Lyons

*Executive Vice President & Chief Financial Officer, Ameren Corp.*

A

Thank you, Ashar.

**Operator:** We have reached the end of the question-and-answer session and I will now turn the call back to management for closing remarks.

Andrew Kirk

*Director-Investor Relations, Ameren Corp.*

Thank you for participating in the call. A replay of this call will be available for one year on our website. If you have questions you may call contacts listed on our earnings release. Financial inquiries should be directed to me, Andrew Kirk. Media should call Erin Davis. Again, thank you for your interest in Ameren. Have a great day.

**Operator:** This concludes today's conference and you may disconnect your lines at this time. Thank you for your participation.

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