Q4 2013 Earnings Call

Company Participants

- Doug Fischer, Senior Director of IR
- Marty Lyons, EVP and CFO
- Maureen Borkowski, Chairman, President & CEO of Ameren Transmission Company
- Tom Voss, Chairman & CEO
- Warner Baxter, President

Other Participants

- Andy Bischof, Analyst, Morningstar Equity Research
- Ashar Khan, Analyst, Visium Asset Management
- Bill Appicelli, Analyst, Nexus Asset Management
- Dan Jenkins, Analyst, State of Wisconsin Investment Board
- Gregg Orrill, Analyst, Barclays Capital
- Julien Dumoulin-Smith, Analyst, UBS
- Michael Lapides, Analyst, Goldman Sachs
- Paul Patterson, Analyst, Glenrock Associates
- Paul Ridzon, Analyst, KeyBanc Capital Markets
- Rajeev Lalwani, Analyst, Morgan Stanley

Presentation

Operator

Greetings and welcome to Ameren Corporation's Fourth Quarter 2013 earnings call. (Operator Instructions) As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Mr. Douglas Fisher, Senior Director of Investor Relations. Thank you, sir, you may now begin.

Doug Fischer {BIO 16481971 <GO>}

Thank you, and good morning. I am Doug Fischer, Senior Director of Investor Relations for Ameren Corporation. On the call with me today are Tom Voss, our Chairman and Chief Executive Officer; Warner Baxter, our President; and Marty Lyons, our Executive Vice President and Chief Financial Officer; as well as other members of the Ameren management team. Before we begin, let me cover a few administrative details. This call is being broadcast live on the Internet and the webcast will be available for one year on our website at Ameren.com. Further, this call contains time-sensitive data that is accurate only as 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 our website that will be referenced by our speakers. To access this presentation, please look in the Investor section of our website under Webcasts and Presentations and follow the appropriate link. Turning to page two of the presentation, I need to inform you that comments made during this conference call may contain statements that are commonly referred to as forward-looking statements. Such statements include those about future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. We caution you that various factors could cause actual results to differ materially from those anticipated. For additional information concerning these factors, please read the Forward-Looking Statements section in the news release we issued today, and the Forward-Looking Statements and Risk Factors section in our filings with the SEC. Tom will begin this call with a review of 2013 earnings and accomplishments. Warner will follow with a discussion of our plans for executing on our strategy, and our earnings growth outlook. Marty will conclude with discussions of 2013 financial results, 2014 guidance, 2015 earnings drivers, and other financial matters. We will then open the line for questions. Before Tom begins, I would like to mention that all per share amounts discussed during today's presentation, including earnings guidance, are presented on a diluted continuing operations basis unless otherwise noted. Now, here is Tom who will begin on page four of the presentation.

Tom Voss {BIO 1892060 <GO>}

Thanks, Doug. Good morning, and thank you for joining us. Today we announced earnings for 2013 of $2.10 per share compared to $2.13 per share for 2012. On a weather-normalized basis, 2013 results improved over the prior year's result, reflecting increased rates from Missouri electric and Illinois transmission service, and increased Illinois electric delivery service earnings under formula rate making. The increase in weather-normalized earnings was achieved despite several negative impacts on the year-over year-earnings comparison. These negative impacts included 2013 nuclear refueling outage expenses compared to no refueling outage in 2012; two 2013 charges related to regulatory decisions; and the absence in 2013 of a benefit from a 2012 positive regulatory decision. Marty will provide further details on our earnings in a few minutes. Moving to page 5, last year was a pivotal one in the history of Ameren and I would like to highlight some of our key 2013 accomplishments. First and foremost, we exited our merchant generation business to focus exclusively on strengthening and growing our rate-regulated utilities. As we will highlight in a moment, we are very excited about our prospects for these businesses. The divestiture of our Ameren Energy Resources business to an affiliate of Dynegy was completed in early December. Further, we closed the sale of our remaining operating merchant facilities, three gas-fired energy centers to an affiliate of Rockland Capital last month. A second major accomplishment was the State of Illinois' enactment of legislation, for which we advocated, that supports our plans to invest in energy delivery infrastructure for the benefit of our customers and create jobs. This included a one law that constructively clarified certain elements of electric delivery formula rate making, and a second law that established a framework for timely gas delivery rate adjustments for qualified infrastructure investments. Third, Ameren Transmission Company of Illinois obtained a Certificate of Public Convenience and Necessity from the Illinois Commerce Commission for portions of is approximately $1.1 billion Illinois Rivers transmission project in 2013. Just yesterday, the ICC issued a constructive order on rehearing, granting a Certificate for all remaining portions of the project. Illinois Rivers is our largest current investment project and is a cornerstone of our plan to grow FERC-regulated investments. Fourth, Ameren Illinois received a December order from the ICC authorizing increased gas delivery service rates that reflect planned investments that will enhance safety and service to customers. The fifth accomplishments of note was Ameren Missouri's successful implementation of the state's most extensive energy efficiency plan. This plan includes a range of programs and provides timely recovery of associated cost, as well as the opportunity for us to earn a performance incentive to be collected after completion of the three-year plan. Finally, 2013 was another year of strong operating performance at our utilities, as well as disciplined cost management. Combined Missouri and Illinois electric distribution reliability, as measured by the number of interruptions per customer served, set a Company record for the third year in a row and Missouri baseload energy center performance remained solid, with equivalent availability of 83%. I believe each of these accomplishments positions us well to execute our strategy, a strategy that we believe will deliver superior long-term value for our customers and shareholders in the future. Speaking of the future, earlier this week we announced that I will retire from Ameren on July 1 of this year. In connection with my upcoming retirement, our Board named Warner Baxter, President of Ameren, and also elected him to the Board. On April 24, Warner will become CEO, and on July 1, he is expected to be named Chairman. Warner joined Ameren in 1995 and was promoted to Executive Vice President and CFO in 2003. Since 2009, Warner has served as President and CEO of our largest subsidiary, Ameren Missouri, and will remain so until a successor is named. I know that many of you already know Warner and share my belief that he is focused on providing value for both our shareholders and customers. Moving to page seven of our presentation, I will now turn the call over to Warner.

Warner Baxter {BIO 1858001 <GO>}

Thank you, Tom, and let me begin by saying that I am just very humbled and honored to follow you as the leader of Ameren. I will have a few more comments to add at the end of our call, but I want to begin this discussion by saying that I am very excited about the Company's future. I'm excited because over the last several years, our entire Ameren team has positioned itself to execute a solid growth strategy that I believe will deliver superior long-term value to our customers and superior returns to our shareholders. This is the same strategy that we have outlined to you previously. We are committed to successfully executing that strategy in the years ahead. In particular, we remain committed to investing in and operating our regulated businesses in a manner consistent with our existing regulatory frameworks. As a result, 2014 will be another year of optimizing our operating and capital spending within these regulatory frameworks, including managing costs in a disciplined manner. It will also be another year of allocating increasing amounts of discretionary capital to businesses operating under constructive regulatory frameworks. Ameren Illinois will continue to invest in electric and gas delivery service enhancements under our Illinois Modernization Action Plan. In addition, Ameren Illinois is focused on continued investment in local transmission reliability projects that benefit from FERC 's formulaic rate making and allow return on investment. These investments are made possible by the constructive regulatory frameworks in place for these business. We are also committed to pursuing rate increases when needed. In July of this year, Ameren Missouri plans to file an electric rate request to recover operating costs, including hiring net fuel costs and investments in energy infrastructure made for the benefit of our customers. These investments include two significant capital projects: replacement of the reactor head at our Callaway Nuclear energy center and upgrades to the electrostatic precipitators in our coal-fired Labadie energy center. Both projects are scheduled to be completed in the Fourth Quarter of this year. The timing of the rate request is designed to minimize, as much as possible, under the existing Missouri regulatory framework, the regulatory lag on these important projects. Our need to file this rate increase request squarely contradicts the February 12 filing by Noranda Aluminum with the Missouri Public Service Commission, alleging that Ameren Missouri is over-earning and that its rates should be reduced. Interestingly, on the same day, Noranda also filed with Commission a request that its electric rates be reduced outside of a traditional rate case, asking that a significant portion of our cost to serve them is shifted to our other customers for 10 years. We will vigorously oppose these Noranda filings and look forward to defending our position before the Missouri Public Service Commission. Moving onto another element of our strategy, this year we will continue our work to enhance regulatory frameworks. In Missouri, we have been engaged with customers, legislators, state officials, and other stakeholders to build support for legislation that will reduce regulatory lag, allowing us to increase discretionary investments in our aging Missouri energy infrastructure to enhance customer service and reliability and create jobs. Yesterday Senate Bill 909 was filed. The primary objective of this bill is to modernize Missouri's regulatory framework to support investment in aging energy infrastructure for all of the investor-owned utilities in the state. You should note this is bill is different from the bill that was filed last year. After numerous discussions with key stakeholders after last year's session, it was determined that a more incremental approach to modernizing Missouri's regulatory framework was appropriate. As a result, this bill is targeted to address the regulatory lag associated with depreciation and the cost of capital for qualifying energy infrastructure investments placed in service between rate cases. This bill will not allow interim adjustments in customers' rates between rate cases, but it will allow utilities to defer and recover the depreciation and cost of capital associated with infrastructure investments actually serving customers for the next rate case. Robust consumer protections are included in the bill, including a 1% rate cap for every year between rate cases. The lead sponsor of this bill is Senator Parson and that bill's co-sponsor is Senator Kehoe. We appreciate Senator Parson's and Senator Kehoe's leadership on this important energy policy initiative for the state of Missouri. A third element of our strategy is to develop and execute on rate-regulated opportunities for investment that benefit our customers, create jobs, and growth rate base and earnings. Our ability to successfully execute this element of our strategy is best exhibited by the Multi-Value Illinois Rivers transmission project. As Tom mentioned, just yesterday, the ICC issued a constructive order on rehearing for this project, granting a Certificate of Public Convenience and Necessity for all portions of the project for which a certificate had not been previously granted. Substation construction is already underway and line construction is expected to begin later this year. Looking ahead, our planning efforts extend well beyond the next several years. We are actively focused on selecting and developing other investment projects in all our regulated businesses to provide customers with safe, reliable and environmentally-responsible service, not just for the near-term, but over the coming decade. Turning now to page eight of our presentation, here we outline how we are investing in a manner consistent with our strategy. On the top this page, we list our rate-regulated businesses by jurisdiction and summarized our allowed rates for return on equity, speed of cost recovery, and forecasted annual rate base growth. On the bottom half of this slide, we show our plans to grow rate base by a projected 6% compound annual rate from year-end 2013 to 2018. Importantly, you should note that we are allocating significant and growing amounts of discretionary capital to our FERC-regulated electric transmission businesses and Illinois delivery utilities because these operate under formulaic and constructive regulatory frameworks. We have a solid list of transmission projects, which are projected to increase our FERC-regulated transmission rate base by approximately 28% compounded annually over this period. In addition, are Illinois Modernization Action Plan investments are expected to contribute to projected Illinois electric and gas delivery compound annual rate base growth of 5% and 7% respectively. Our Missouri rate base is expected to grow at a slower 2% compound annual rate. Over the last several years, the regulatory framework in Missouri has improved, especially in terms of addressing regulatory lag associated with significant and volatile operating costs. However, rate of progress must be made to improve the framework to support investment in our aging energy infrastructure. Further regulatory enhancement in Missouri would allow us to develop a pipeline of future Missouri investment opportunities that enhance customer service and reliability and increase rate-base growth. This is the primary driver behind the legislation that was filed yesterday and discussed a moment ago. As a rate-regulated utility business, we expect our planned rate base growth will drive earnings growth. In addition, we expect that increasing the FERC-regulated piece of the rate base pie from 7% at year-end 2013 to 18% by year-end 2018 will improve our jurisdictional diversity and our blended earned return on rate base. Finally, parent and other expenses are expected to decline in 2014 and in 2015 for reasons Marty will discuss, further advancing earnings in these years. Moving now to page 9, we project that continued execution of our strategy will drive strong earnings growth in 2014, as well as over the next five years. We expect 2014 earnings per share to be in a range of $2.25 per share to $2.45 per share, a significant advance from the $2.10 per share earned last year. Marty will discuss the specific drivers of this 2014 earnings growth in a few minutes. Further, we expect earnings per share to grow at a 7% to 10% compound annual rate from 2013 to 2018, a rate better than the expected average of our regulated peers. This five-year outlook accommodates a range of Treasury rate, sales growth, spending level, and regulatory developments. I would note that, assuming Treasury rates are flat with current levels over the period, and all other assumptions are unchanged, our five-year earnings growth rate would fall slightly below the mid-point of our expected range. Finally, we aspire to grow the dividend, as earnings grow, and expect our dividend payout to be between 55% and 70% of annual earnings. Like Tom, I am pleased with the progress we have made to date in implementing our strategy and I firmly believe the Company is well-positioned to deliver superior value to our customers and shareholders as we continue to execute that strategy. Now before I turn the call over to Marty, I want to express my appreciation for the patience from our customers who experienced power outages last evening and those still without power this morning. A very strong storm with high wind roared through our service territory last evening and brought down trees and power lines. Our crews worked throughout the night and this morning we have approximately 7,000 customers without power. We will have nearly all customers back on by the end of the day. A special thanks to all of our dedicated coworkers who work safely and diligently to restore power to our customers. I'll now turn the call over to Marty.

Marty Lyons {BIO 16632050 <GO>}

Thank you, Warner. Good morning, everyone. Turning now to page 11 of our presentation. Today we did report earnings for the Fourth Quarter of 2013 of $0.19 per share compared to $0.05 per share for the Fourth Quarter of 2012. There were several key drivers of the $0.14 per share earnings improvement. First, increased rates from Missouri electric and Illinois transmission service, both effective in January of 2013, had a combined positive effect of $0.05 per share. Second, higher Illinois electric delivery earnings recognized under formula ratemaking, improved earnings by $0.04 per share compared to the year-ago quarter. This improvement reflected timing differences among each year's quarters, increased rate base, and a higher allowed return on equity as a result of higher 30-year Treasury bond yields. Third, winter weather was colder in the Fourth Quarter of 2013 compared to the Fourth Quarter of 2012 when weather was closer to normal. This colder weather increased earnings by an estimated $0.04 per share compared to the prior-year period. Fourth, an increase in weather-normalized electric and gas sales volumes boosted the earnings comparison by $0.03 per share. These positive factors were partially offset by a Fourth Quarter 2013 charge of $0.04 per share related to the ICC's disallowance of certain debt redemption cost in its December electric and gas delivery rate orders. Moving to page 12 and a discussion of full-year 2013 results. As Tom previously mentioned, earnings for 2013 were $2.10 per share compared to $2.13 per share for 2012. However, on a weather-normalized basis, results increased to approximately $2.08 per share in 2013 from approximately $2.04 per share in 2012. This non-GAAP comparison reflected the fact that earnings for both years were boosted by abnormal weather in the amounts noted on this page. Factors favorably affecting the comparison of 2013 earnings to prior-year results included previously mentioned Missouri electric and Illinois transmission rate increases, which lifted earnings by a combined $0.29 per share. These January 2013 rate increases provided recovery of and returns on infrastructure investments made to serve customers. In addition, higher Illinois electric delivery earnings recognized under formula ratemaking boosted results by $0.06 per share reflecting infrastructure investment, a higher allowed return on equity due to higher 30-year Treasury yields, and the absence in 2013 of a 2012 contribution required to implement formula ratemaking. The increase in weather-normalized earnings for 2013 as compared to 2012 was achieved despite several notable drags on the comparison. These drags included 2013 nuclear refueling outage expenses for the Callaway energy center of $0.10 per share compared to 2012 when there was no refueling outage, and two 2013 charges in the absence of a 2012 benefit, all related to regulatory decisions, which had a combined negative effect of $0.18 per share. Turning now to page 13, as Warner mentioned, we expect 2014 earnings to be in a range of $2.25 to $2.45 per share. Factors expected to positively impact 2014 earnings compared to 2013 include the absence of the previously discussed 2013 charges related to regulatory decisions. In addition, Illinois electric delivery earnings are expected to increase under formula ratemaking, driven by planned investments to provide enhanced service to customers and resulting rate base growth, as well as a higher allowed return due to expected higher Treasury yields. We estimate Ameren Illinois' 2014 year-end electric delivery rate base will be approximately $2.2 billion. Further, the 2014 formula mid-point allowed return on equity is estimated to be 9.9%, which incorporates a forecasted 2014 average 30-year Treasury yield of 4.1% compared to the 2013 average yield of 3.45%. The 2014 Treasury yield forecast is based on the blue chip consensus estimate as of February 1, 2014. The year-over-year earnings comparison will benefit from an increase in Illinois gas delivery rates that became effective at the beginning of this year. We also expect higher transmission earnings from Ameren Illinois and ATXI under forward-looking formula FERC ratemaking, reflecting our growing investments in these businesses. The combined Ameren Illinois and ATXI average transmission rate base is projected to grow to approximately $900 million, up from approximately $600 million in 2013. Another driver of expected 2014 earnings growth compared to 2013 is a decline in Parent Company and other costs. We project that these costs will decline to approximately $0.10 per share in 2014 due to refinancing of an 8.875% Parent Company debt issue that matures in May and a reduction of operating costs. Turning now to page 14, these expected positive factors are projected to be partially offset by a return to normal weather, reducing earnings by an estimated $0.02 per share. In addition we expect weather-normalized electric sales volumes to decline in both Missouri and Illinois compared to 2013, reflecting the effects of our energy efficiency plans in both states and the ongoing phase-out of incandescent light bulbs and the replacement with more energy-efficient lighting alternatives. It's important to note that the earnings impact of reduced Missouri electric sales volumes due to our energy efficiency programs will be mitigated by revenue recovery based on programs under our Missouri Energy Efficiency Investment Act plan. Further, the earnings impact of lower electric sales volumes in Illinois is limited by the 50-basis-point collar around the allowed ROE. Other factors expected to negatively affect 2014 earnings compared to 2013 include increases in other operations and maintenance, depreciation, and property tax expenses for Missouri and Illinois gas delivery service. Our 2014 earnings guidance incorporates an effective consolidated income tax rate of approximately 38.5%. Finally, the earnings guidance incorporates average basic common shares of 242.6 million, unchanged from the prior-year level. Turning to page 15 of our presentation, I would like to discuss 2015 earnings drivers. Factors expected to positively impact next year's earnings include new Missouri electric rates effective in mid-2015. In addition, Illinois electric delivery earnings are expected to increase under formula ratemaking as a result of rate-based growth and a higher allowed ROE, due to a forecasted increase in 30-year Treasury bond yields. Ameren Illinois and ATXI transmission earnings are also expected to increase, reflecting FERC-formula ratemaking and rate-based growth. Further, the earnings comparison should be positively affected by the absence of a Callaway energy center nuclear refueling outage and related expenses, since no refueling outage is scheduled for 2015. Finally, we expect a further decline in parent and other costs, reflecting a full year's benefit from the 2014 refinancing of parent Company debt. These expected positive factors are projected to be partially offset by increased Missouri operations and maintenance expenses, excluding the benefit of no refueling outage, as well as increased Missouri depreciation, property tax, and interest costs. Before we conclude our discussion of our earnings outlook, I remind you that our 2014 guidance, as well as the 2013 through 2018 earnings growth expectations Warner discussed, are subject to the risks and uncertainties outlined or referred to in the Forward-Looking Statement section of today's press release and our SEC filings. Moving now to page 16, here we provide our 2014 cash flow guidance. As shown on this page, we calculate free cash flow by starting with our cash flows from operating activities, subtracting from it our capital expenditures, adding other cash flows for investing activities, and subtracting dividends. For 2014, we anticipate negative free cash flow of approximately $800 million. On the right side of the page, we provide a breakdown of our $1.825 billion of planned 2014 capital expenditures, including substantial investments in businesses which operate under constructive regulatory frameworks, FERC-regulated transmission and Illinois electric and gas delivery service. I call your attention to the two footnotes on this page. First, the other cash flows from investing activities includes approximately $150 million of cash proceeds from the previously-mentioned January 2014 sale of three merchant gas-fired energy centers. These cash proceeds are equal to Ameren 's 2013 put option-related payments to a former affiliate that was included in the divestiture of the Ameren Energy Resources business to Dynegy, as well as sale-related costs. Second, the dollar amount of dividends shown on this page incorporates the current common dividend rate. Of course, the amount and timing of common dividends are considered by Ameren's Board of Directors on a quarterly basis. In terms of financing, we plan to fund the 2014 negative free cash flow with a mix of long-term and short-term borrowings. Turning to page 17, I would like to provide an overview of our $8.3 billion of planned regulated capital expenditures for the 2014 through 2018 period. The expected funding sources for these infrastructure investments are listed on this page. In particular, we expect to benefit from approximately $1.3 billion to $1.4 billion of changes in deferred taxes and tax assets over this five-year period. The expected changes in deferred taxes are driven primarily by our planned capital expenditures. The tax assets include at year-end 2013 approximately $600 million, consisting of federal and state net operating loss carryforwards, federal and state income tax credit carryforwards, and expected income tax refunds and state tax overpayments. Approximately $450 million of this total was driven by historical merchant-generation-related tax losses. These tax assets are expected to be realized into 2016. As I mentioned earlier, we do not expect to issue any additional common shares in 2014. Should we decide to issue additional equity at some point over this five-year period, we would expect to do so by issuing new shares for our dividend reinvestment and 401k [ph] plans. We are committed to funding our capital expenditures in a manner that maintains solid credit metrics and this is reflected in our capitalization target of around 50% equity. Turning to page 17, I will summarize. While 2013 earnings per share declined on a reported basis, they improved on a weather-normalized basis despite several negative impacts on the year-over-year comparison. We have completed our exit from the merchant generation business and are focused exclusively on strengthening and growing our rate-regulated utilities. We have a well-defined strategic plan that is aligned with our regulatory frameworks and designed to enhance customer service and reliability. Our investment plan, coupled with disciplined cost control, is expected to lead to solid earnings per share growth in 2014 and we expect earnings per share to grow at a 7% to 10% compound annual rate from 2013 to 2018, a rate better than the expected average of our regulated peers. Further, Ameren's $1.60 per share annualized dividend rate provides investors with a yield of approximately 4.1%. Finally, we aspire to grow our dividend, as earnings grow, and expect our dividend payout ratio to be between 55% and 70% of annual earnings. That concludes our prepared remarks; we now invite your questions.

Questions And Answers

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Hi, good morning. First quick question, a high-level one, can you perhaps more precisely address the disproportionate EPS growth versus the prior rate-based CAGR you'd been talking about? Can you delineate the drivers of that?

A - Marty Lyons {BIO 16632050 <GO>}

Yes, what are you trying to reconcile the rate-based growth to what?

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

To your EPS CAGR?

A - Marty Lyons {BIO 16632050 <GO>}

Sure.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

How would you get the 10%, if you will?

A - Marty Lyons {BIO 16632050 <GO>}

Sure, Julien. We've provided these building blocks in the past and I'll go through them again. The rate-based growth is the foundation, but then when you look out some of these one-time items that I'll refer to or the regulatory impacts this past year, these are the charges that I outlined -- the fuel adjustment clause charge that we had, the ICC redemption cost disallowance, you back out some of those, you build up to your 2014 earnings. Then you can talk about -- then you look at the reduction in the parent and other costs, where we had about, if you look at the income statement or look in the stats pages on the other, had about $0.18 of drag this past year from those other costs, which as I said on the call, we expect that down to about $0.10 in 2014 and then even realize some further savings into 2015. Then you think about where our rate-based growth is going, as we transition our rate base to a heavier emphasis on FERC-regulated transmission. You again get a blended average return that's even higher. Those are really the building blocks that get you up into that 7% to 10% range, and then add on top of that whatever you may for expected rise in 30-year Treasury yields over that period of time. But Julien, those are the building blocks we have been providing and that 7% to 10% growth range that we've given is very much in alignment with the building blocks that we've provided.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Great and perhaps if you could elaborate a little bit more about the Illinois gas opportunities. It seems as if you've driven up the CAGR there a little bit from your last slide deck, as best I can tell. Could you talk about the timing on implementation and growth out of that and whether that is incorporated within your current CAGR?

A - Marty Lyons {BIO 16632050 <GO>}

It really is incorporated within that current CAGR to the extent that in this five-year period, we plan to enhance the investment in the gas portion of our Business. If you do look at the CapEx that we historically had provided, which was 2013 to 2017 and then the CapEx in this period, 2014 to 2018, the overall I would say, amount of capital expenditures in those five-year periods are about the same. But as you note, there has been a bit added to the gas portion of the Business and that really does reflect what we talked about last year, that to the extent that we had the favorable legislation passed in Illinois, it would serve as a basis to invest more in that area for safety and reliability and that's been added to the mix.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Right and then sorry to keep going here, but the last quick question on refi-ing the debt here, what is your thought process if you will, in terms of size, and I suppose how does that fit into your financing plan? What's your target capitalization, if you can remind us again, as well?

A - Marty Lyons {BIO 16632050 <GO>}

Yes, sure, maybe I will talk about that overall. We had in one of our slides our target capitalization of around 50% and on Slide 16 of our materials, we laid out our free cash flow for the year. This year, we've got negative free cash flow of about $800 million that's forecast terms. In terms of debt maturities, Julien, the one you're referring to is the Ameren long-term debt issue of $425 million that comes due in May and provides us with a nice refinancing opportunity. We've also got a maturity in Missouri, a little over $100 million, and in January, we actually did move to redeem some debt at Ameren Illinois of about $160 million. So when you add those things together, that's total funding needs of about $1.5 billion. We plan to tackle that with a couple of debt offerings in Illinois this year, which we estimate will total about $600 million of long-term debt financings; we're planning a Missouri financing of about $350 million. And then with respect to the Ameren parent, both for the debt maturity, as well as some of the funding that Ameren will be providing to ATXI as it begins to build its transmission project, the Illinois Rivers project, we plan, at Ameren Corp, to have a mix of long-term and short-term borrowings. At this point, we're expecting a long-term offering that's something less than the current amount of the long-term debt that's at Ameren Corp so something less than that $425 million. Julien, as you think about the capital expenditures that we show on Slide 16, and we think about the -- where we're going to issue that long-term debt, as I said, of $600 million at Ameren Illinois every and $350 million at Missouri. When you look at those capital expenditures, it pretty clear, obviously, that we have about $760 million at Ameren Missouri. At Ameren Illinois, we have $530 million for the energy delivery businesses, but it's also important to remember that a good portion of our transmission build also within Ameren Illinois. So, when you break out that $510 million of FERC transmission, what you find is about, in addition to the $530 million overall at Ameren Illinois, we've got about $800 million of capital expenditures at

Ameren Illinois. When you think about where we're issuing that debt, it is really at Ameren Illinois and Ameren Missouri, for the most part, this coming year. There, at the end of 2013, our equity ratios and the cap structures when you get the 10-K and you look at that, was 53% -- or north of 53% in both of those legal entities. So what will happen as we issue some of this debt, is those equity ratios will trend down somewhat into the approximately 51% range. Then overall, at Ameren, as you saw on our stats page, we are a little above 50% in terms of our equity content right now; would expect that as we fund ATX and build that out, we should slip maybe a little below the 50% but then trend back to our target ratio over time.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Great, thank you, very thorough.

Operator

Paul Patterson, Glenrock Associates.

Q - Paul Patterson {BIO 1821718 <GO>}

Good morning. Congratulations on the promotion and the retirement guys.

A - Tom Voss {BIO 1892060 <GO>}

Thank you, Paul.

Q - Paul Patterson {BIO 1821718 <GO>}

I want to touch base with you on just the EPS growth rate on Slide 15 and make sure I understand this. The Treasury yield of 4.5% in 2015, is there any sensitivity you can give us in terms of what that -- if we don't get -- interest rate sensitivity in terms of what your growth rate might be, all things being equal?

A - Marty Lyons {BIO 16632050 <GO>}

Paul, are you looking at particular Slide 15 and 2015 earnings or just overall?

Q - Paul Patterson {BIO 1821718 <GO>}

Whatever you can give us. I realize that there a lot of moving parts in the range?

A - Marty Lyons {BIO 16632050 <GO>}

What we tried to provide in terms of the longer-term guidance was just a benchmark or an anchor point, if you will. In Warner's talking points, one of the things he said is that all of the things being equal in our plan, if Treasury rates were to stay constant, we would expect to deliver an earnings growth rate that was slightly below the mid-point of the range that we provided of 7% to 10%. It is not necessarily our belief that Treasury yields are going to stay at the current levels, but wanted to provide that as a bit of an anchor point. Otherwise, within that 7% to 10% growth, Paul, as we talked about, we think it accommodates a range of Treasury rates outcomes, if you will, or sales growth levels, spending levels, whether the capital or O&M and regulatory developments, we feel like again, Paul, the building blocks are the ones I laid out earlier. It is the rate-based growth; it's the reduction of parent and other costs; it's the capital allocation to FERC-regulated transmission; those of the things that are really going to drive the growth that we've got outlined.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay and is SB 909 -- is the implementation of that necessary for this growth rate or--?

A - Marty Lyons {BIO 16632050 <GO>}

No I would say it's necessary for this growth rate. The outcome of that, however, I'd say is baked into our overall range of potential outcomes in terms of the 7% to 10%.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay and then just finally on the transmission buildout, I know you guys are no longer a merchant, which is nice, but can you tell us how you think that these transmission projects might impact power flows or congestion or what have you in terms of wholesale prices and perhaps how that could benefit your customers or anything else you could elaborate on that?

A - Marty Lyons {BIO 16632050 <GO>}

Yes I don't know that we'll get into all those specifics but Maureen Borkowski, who is the head of our transmission business, is here with us this morning, and I will give her the opportunity to make comment, if she has any.

A - Maureen Borkowski {BIO 7081192 <GO>}

Yes, good morning. With regard to the multi-value projects that Ameren Transmission Company of Illinois is building, those were approved by MISO for multiple reasons -- basically to improve reliability, to enhance the accessibility of renewable resources, particularly wind, but also to improve the efficiency of the power market and that equates to congestion relief in the marketplace. So yes, that is the focus of those projects is to improve the efficiency of the market, as well as reliability of the customers.

Q - Paul Patterson {BIO 1821718 <GO>}

Could you give any sense of basis differential changes or anything like or any quantification on that latter point?

A - Maureen Borkowski {BIO 7081192 <GO>}

Sorry, but I really don't have any information like that. Again, MISO did a pretty extensive analysis to define with their entire portfolio across the MISO footprint, what kinds of savings those might be, but I don't have anything specific to our system.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay, thanks a lot.

Operator

Ashar Khan, Visium.

Q - Ashar Khan {BIO 19979997 <GO>}

Good morning, and congrats. I wanted to go more in on this dividend payout. You gave out a range, and if I do my math correctly, next year we will be at the lower portion of the payout. So I'm just trying to see how is the Board thinking this year or next year? I know you declared the dividend earlier this week or last week? Is it something done for this year or is there a quarter we should look at -- some people have a quarter in which they increase the dividend every year? Or how is the Board looking at the dividend? Is it done for this year that we have the same rate and we look for next year or can it be reviewed later this year? Or could you just tell us the deliberations that you and the Board might have gone through as you went through this new outlook of yours and the dividend staying constant, as you declared it at the end of last week?

A - Tom Voss {BIO 1892060 <GO>}

Yes this is Tom Voss. We've mentioned previously that the 55% to 70% payout ratio is what we hope for and we're somewhat at the high end of that this year, but the Board is very much engaged every quarter and looking at our earnings and our projections and they review it. I would say that as we continue to grow earnings over the this period, we hope to continue to grow our dividend.

Q - Ashar Khan {BIO 19979997 <GO>}

Okay. Okay. Thank you.

Operator

Paul Ridzon, KeyBanc Capital Markets.

Q - Paul Ridzon {BIO 1984100 <GO>}

Good morning. Senate Bill 909, if that were to pass, would that alter your 2% Missouri rate-based CAGR?

A - Warner Baxter {BIO 1858001 <GO>}

Hi, Paul, this is Warner. In the bigger picture, what we have said, if we have constructive legislation passed that supports investment in Missouri, we will put more money to work. So if you look at SB 909, which is a little bit different than what we saw last year, we step back, we think we would have the opportunity to put to work incremental investment in Missouri of, say, $50 million to $100 million per year, should that legislation get passed in its current form. So simple answer to your question is yes, we do believe that we could put more money to work and we think it's absolutely a very good thing for the state of Missouri and its customers.

Q - Paul Ridzon {BIO 1984100 <GO>}

Would you borrow that from another bucket or would that be incremental capital?

A - Marty Lyons {BIO 16632050 <GO>}

Paul, this is Marty on that one. It's really too soon to tell on that particular point. I will say that, as we think about managing our overall capital expenditures, we're certainly mindful of impacts on customers' rates, we're thinking about impacts on overall funding needs, and we're also thinking about building a pipeline of investments beyond the five-year period that we've presented. Too soon to tell, but that is certainly a possibility, that if we added investment opportunities there in the short term in Missouri, that other investment opportunities may slide to beyond the period presented. But again really too early to say that. We'll get through this legislative season and see where we are at and make those decisions in due course.

Q - Paul Ridzon {BIO 1984100 <GO>}

Is your guidance -- have you baked anything in to that for year-to-date weather?

A - Marty Lyons {BIO 16632050 <GO>}

No. Our guidance for 2014 is based on normal weather.

Q - Paul Ridzon {BIO 1984100 <GO>}

And then lastly, given your tax position, do expect to be a cash tax payer through 2016?

A - Marty Lyons {BIO 16632050 <GO>}

As I mentioned earlier on the call, we expect that the NOLs and the tax credit carryforwards that we have to provide us benefit out through the 2016 timeframe.

Q - Paul Ridzon {BIO 1984100 <GO>}

Through or to, sorry?

A - Marty Lyons {BIO 16632050 <GO>}

Into 2016.

Q - Paul Ridzon {BIO 1984100 <GO>}

Into. Okay, thank you very much.

Operator

Michael Lapides, Goldman Sachs.

Q - Michael Lapides {BIO 6317499 <GO>}

Hello, guys, congratulations on a good year and a lot of strong accomplishments during 2013. I want to ask just a question about 2014 guidance, which if I just use the mid-point of your guidance range, implies almost an 11% or 12% year-over-year growth, and then therefore, if I think about the 7% to 10%, it implies a much lower growth rate after 2014. Am I thinking about that the right way, am I missing something, and how should we think about the puts and takes on that?

A - Marty Lyons {BIO 16632050 <GO>}

Well, you're right. The growth between 2013 and 2014 is certainly significant and it's driven by the items I highlighted. But Michael, obviously, you can do the math, as you look at our 2014 guidance range and you look out to the overall growth we've given out through 2018. But if you take that mid-point of 2014 and project out, you've still got a really solid growth rate of around 6% to 9.5% in terms of where that range ends up. So you're right, there is a solid amount of growth from 2013 to 2014 and it moderates somewhat from there but still a very solid growth rate off of 2014.

Q - Michael Lapides {BIO 6317499 <GO>}

And it strikes me that you're a few years from a dividend policy question. You're a few years away from -- you wouldn't get -- if I just use mid-points of guidance, you would get to the middle point of your dividend payout ratio in 2015 at the current dividend level -- $1.60 at, I don't know, $2.50 or so of earnings in 2015, and I know you're not really giving 2015 guidance, I'm just slapping the growth rate on 2014. That still gets you into the low 60%s payout ratio, but by 2016 or 2017, your expectation is to grow the dividend with earnings growth?

A - Marty Lyons {BIO 16632050 <GO>}

Michael, just to reiterate or repeat what Tom said, which is that, as we grow the earnings, we aspire to be able to grow the dividend, we're not giving out, I'd say, an expected timing or amount of growth in that dividend. But as Tom has previously said on prior calls, we don't necessarily think that we need to get into the bottom end of the range before we would grow the dividend. There are a number of factors that are considered --Tom laid those out a few moments ago -- just in terms of our earnings outlook, but also our capital funding, our cash flows, things of that nature, a number of those things are laid out, as you've seen in our 10-Ks and 10-Qs that the Board considers, but that's about what I've got to say on that.

Q - Michael Lapides {BIO 6317499 <GO>}

Okay and then last question just on capital spending because you're investing a good amount of capital in concurrent return businesses like FERC-regulated transmission. Of the transmission investment for 2014, how much of that is ATXI versus Ameren Illinois?

A - Marty Lyons {BIO 16632050 <GO>}

Let me see if I can do my math here real quick. It's about, of that $510 million about $270 million is Ameren Illinois and the remainder is ATXI.

Q - Michael Lapides {BIO 6317499 <GO>}

Got it, so not quite 50%/50%, but pretty close. Cool. Guys, thank you, I appreciate your taking my questions and once again congrats on a great 2013.

A - Marty Lyons {BIO 16632050 <GO>}

Thank you, Michael.

Operator

Andy Bischof, Morningstar Equity Research.

Q - Andy Bischof {BIO 17454969 <GO>}

Hi, good morning, just a few follow-on questions on terms of Missouri. In terms of reducing lag, are your efforts solely on Bill 909 or are there other initiatives that we should be thinking about there? And then in terms of the potential $50 million to $100 million capital spend, could you provide us with a little bit more color on what these investments are?

A - Warner Baxter {BIO 1858001 <GO>}

Andy, this is Warner. With regard to the Missouri, we're not putting all of our marbles into legislation. We have been working for years to align our spending and to be consistent with the existing regulatory framework in Missouri and we've been successful and that focus, that relentless focus on disciplined cost management will continue. So there are a host of initiatives that we have taken and will continue to take, including things like lean initiatives that are being taken place across our Enterprise coupled with, again, disciplined management of our discretionary capital. As we discussed a little bit earlier, you put those factors together, we continue to believe that we will be able to align our spend with the existing regulatory framework. Of course, as we've said earlier, we're going to be going in for an electric rate case later this year to true up our rates, as well as costs, and so that obviously will help and certainly help mitigate the regulatory lag that we're experiencing associated with the infrastructure investments in our enterprise. That's probably one of the biggest sources of regulatory lag that we have today and indeed SB 909 is squarely about trying to address the regulatory lag associated with those investments. Marty, there's a question on capital investment. Or Andy, if you could follow-up make sure--?

A - Marty Lyons {BIO 16632050 <GO>}

He was just asking what kinds of projects might be involved in that, Warner.

A - Warner Baxter {BIO 1858001 <GO>}

So, when you look at our existing spend, this year we have two major projects that we discussed a little bit earlier -- the Callaway reactor vessel head, as well as the precipitator project -- but we also have some new substations that we have to bring on. They are aging infrastructure and so we have to address some of those, as well as we have a renewable energy project, the largest solar investor-owned facility in the state and we're going to get that done by the end of the year as well. Looking ahead, we see that we have a need to invest incremental monies -- discretionary monies into things like substations, into things like our power plants, certainly in things -- in trying to automate our system in a better way. Ultimately, we'll have to address maybe even the meters we use in Missouri. So we see a real need in investing in our aging infrastructure and that is what SB 909 is all about, to try and do that in a more timely fashion.

Q - Andy Bischof {BIO 17454969 <GO>}

Great, thank you, and congrats on the promotions and retirement.

A - Warner Baxter {BIO 1858001 <GO>}

Thank you. Thank you, Andy.

A - Tom Voss {BIO 1892060 <GO>}

Thank you.

Operator

Dan Jenkins, State of Wisconsin Investment Board.

Q - Dan Jenkins {BIO 2196797 <GO>}

Hi, good morning.

A - Warner Baxter {BIO 1858001 <GO>}

Good morning.

Q - Dan Jenkins {BIO 2196797 <GO>}

I was wondering -- you mentioned you're looking for declines in sales volumes for 2014, but it looks like you had slight increases for 2013 so if you could give a little more color on just what you're seeing in customer growth and demand, particularly residential customer growth on the industrial side for demand in your service territories?

A - Marty Lyons {BIO 16632050 <GO>}

Sure, Dan, this is Marty thanks for calling in and thanks for the question. You're right in terms of what we saw this past year -- of course, the sales numbers that you see are -- on the stats page -- are affected by weather, but stripping out weather, we did see some growth this year in both Missouri and Illinois in the residential and commercial categories. Overall, on a weather-normalized basis, we estimate that residential and commercial sales grew about 0.6%. Coming into the year, that's about where we expected, somewhere between 0% and 0.5% of growth and towards the upper end of that range at 0.6%. We actually did see customer count in both Missouri and Illinois go up in terms of residential and commercial customer count, so that was certainly positive in 2013 versus the prior year. Overall, on industrial we did see a decline in sales of about 3.2% overall. Missouri, which was positive up about 1% in 2013 in industrial, so that was a good time, while Illinois was down about 6%. I spoke to that on some earlier calls, that we've seen some weakness in Illinois in the manufacturing sector in metals on equipment, those types of things, and unfortunately in Illinois, we've been seeing unemployment recently bump up while national average has been coming down and we've also seen unemployment in Missouri coming down. Illinois, unfortunately, in recent months, is seeming unemployment-wise and industrial sales-wise to be trending in a negative direction; Missouri seems to be trending in a little bit of a positive direction. But looking forward to 2014, what we're expecting is a decline, as we mentioned in the call, in residential and commercial sales. And while we expect to see still slow improvement in the economy and jobs, housing starts, et cetera, we do believe that both federal energy efficiency, as well as state energy efficiency measures reduce sales and have an impact of reducing sales in 2014 compared to 2014. And as I mentioned on the call in our prepared remarks, it is important to remember that in Missouri, we do have an energy efficiency program whereby we are made whole for the cost of our energy efficiency programs and even provided some incentives with regards to that. In 2013, we estimated that, that had an impact on our residential sale of about 0.8% and about 0.1% on commercial. And then, as I said, we are made whole for the cost of that. So as you think about 2014 and you think about those impacts of the residential and commercial sales going down, they are mitigated in Missouri by what we call our MEEA funding programs, as well as in Illinois, it's important to remember that under our formulaic rates, there is a 50-basis-point collar around the earned ROI. With respect to industrial sales, we are expecting those to be down across the two states about 0.7%. We are expecting to see declines in both states -- in Missouri it is somewhat specific to some expected customer load that we do expect to see go away and then in Illinois, I would say, it's continued concerns about just general economic weakness.

Q - Dan Jenkins {BIO 2196797 <GO>}

Okay and then on Missouri, given that you're planning to file for a rate increase mid-year, I was wondering if you could give us what your ROE was in Missouri in 2013 and the year-end rate base?

A - Marty Lyons {BIO 16632050 <GO>}

I don't really have the year-end rate base. You can go ahead and calculate the ROE by referencing the number on the stats page. I don't have that in front either -- the exact net income. But as we look ahead, as we mentioned, we do see the need for a rate filing, which we expect to make in July. On prior calls, we had said in the second half. As I've mentioned before, really a primary driver of that filing that we plan to make in July has to do with the significant capital expenditures that we're making in Missouri. We've talked about the electrostatic precipitators at Labadie, we've talked about the Callaway reactor head, and Warner just mentioned a little while ago some of the solar installations that we're doing in Missouri, as well.

If you want to look at rate base, the closest is to maybe go back to page eight of our slides and we do have a year-end rate-based pie where we break some of that information out and you can find an estimate of the Missouri rate base of the end of 2013 there.

Q - Dan Jenkins {BIO 2196797 <GO>}

Okay and then I just wanted to add my congratulations to Tom and Warner on their upcoming changes.

A - Warner Baxter {BIO 1858001 <GO>}

Thank you.

A - Tom Voss {BIO 1892060 <GO>}

Thank you, Dan. I appreciate that.

Operator

Rajeev Lalwani, Morgan Stanley.

Q - Rajeev Lalwani {BIO 15031126 <GO>}

I had just two questions on Missouri. The first, can you talk about the impact the Noranda complaints may or may not have on the upcoming rate case? And then the second, what you see the headwinds associated with getting SB 909 passed?

A - Warner Baxter {BIO 1858001 <GO>}

Hi, this is Warner. With regard to the Noranda complaint case filing, we don't see it having any impact on our ability to file and execute the rate case that we plan on doing in July. We were clear last November that we needed to file rate case in the second half and now we've sharpen our pencils and it is going to be July and we plan to execute that in a timely fashion. And I'm sorry, you had a second question -- that was?

Q - Rajeev Lalwani {BIO 15031126 <GO>}

The major headwinds you see with SB 909?

A - Warner Baxter {BIO 1858001 <GO>}

The reality is this -- as you know, the legislative process, it's a dynamic process, so it -- ultimately it is always difficult to predict the prospects of the passage of any bill. I'll tell you what I do know -- I know that Missouri must make progress in really modernizing its framework to support investment and it's the message that is understood by many key leaders and the legislature, and frankly, many stakeholders around the state. So as we continue to have more discussions with the General Assembly and other key stakeholders around the state about SB 909, our message is that this is an important step forward. As I said before, this is an incremental step, it is an important step forward, and it can start making progress on the aging infrastructure in Missouri. So I'm not going to be able to handicap it; we do believe that there will likely be some groups that will oppose the bill, but that's probably true with every bill, but one thing I can tell you, our team is going to be very focused on this legislation over the next several months.

Q - Rajeev Lalwani {BIO 15031126 <GO>}

Great, thank you. Good luck.

A - Warner Baxter {BIO 1858001 <GO>}

Thank you.

Operator

Bill Appicelli, Nexus Asset Management.

Q - Bill Appicelli {BIO 16677156 <GO>}

Hi, good morning.

A - Marty Lyons {BIO 16632050 <GO>}

Hello, Bill.

Q - Bill Appicelli {BIO 16677156 <GO>}

I just had a question about the financing. You had asked or you had mentioned that you didn't expect to issue equity through 2018 but that you would evaluate use of a DRIP and I know in the past you had talked about the potential for $75 million to $100 million maybe using that. Looking at your base plan, should we assume that there is DRIP being utilized in terms of that growth path that gets you to slightly below the mid-point that you talked about?

A - Marty Lyons {BIO 16632050 <GO>}

Bill, I'd say that's one of the things that probably I'll leave up to you to factor in as you look at your model. What we planned to do here today was just to, again, give this guidance range of 7% to 10%. There's a range of potential things that could affect our results that we outlined there that could put us into the upper or lower end of that range in terms of the Treasury rates, sales growth, spending levels, regulatory developments. We're simply saying that we would leave the option open as we encounter these various changes to issue shares as needed through the DRIP or 401k. Don't really see the need over that five-year plan for a public equity issuance, as we said in the slides, and we'll evaluate the need for the DRIP or 401k on a year-to-year basis. You're right about the number that we've previously said, which that is if we did, I'll say, turn that on, it would be about estimated $75 million to $100 million.

Q - Bill Appicelli {BIO 16677156 <GO>}

Okay and then just changing gears, do you guys have any update on the status or timeline for resolution of the challenge at FERC around the MISO ROEs?

A - Marty Lyons {BIO 16632050 <GO>}

I'll let Maureen go ahead and answer that one as well.

A - Maureen Borkowski {BIO 7081192 <GO>}

Yes. In January, the Midwest ISO transmission owners filed their response to the complaint, requesting that FERC dismiss it because the complainants really hadn't met the burden of that the rate is just and reasonable. They have provided additional information, as well, about errors in the calculation and the complaint. At this point in time, others have also filed their responses, but FERC has not taken any action or set any kind of a schedule so at this point time, we're really in a wait-and-see mode. We do have confidence, though, that the FERC commission is still very pro-transmission development and they understand that the return on equity component is a very important element of continuing to encourage transmission investment. So we're hopeful that the outcome will be positive.

Q - Bill Appicelli {BIO 16677156 <GO>}

Okay. Great. Thank you.

A - Marty Lyons {BIO 16632050 <GO>}

Thanks, Bill.

Operator

Gregg Orrill, Barclays.

Q - Gregg Orrill {BIO 1532939 <GO>}

Thank you, and congratulations, Tom and Warner.

A - Warner Baxter {BIO 1858001 <GO>}

Thanks, Gregg, really appreciate that. Thank you.

Q - Gregg Orrill {BIO 1532939 <GO>}

Maybe you touched on this already, but I just wanted to come back to it in terms the growth post- 2014. With 2014 being at an accelerated rate, is it 6% to 9.5% post that? Should we think about it that way?

A - Marty Lyons {BIO 16632050 <GO>}

Yes--

Q - Gregg Orrill {BIO 1532939 <GO>}

And then I have another detailed question?

A - Marty Lyons {BIO 16632050 <GO>}

Yes, Greg, and I'll let you do a follow-up, but yes, that was the answer that I gave to -- this is Marty by the way, as you know. But simply coming off of the mid-point of our 2014 guidance and just looking at -- as I said earlier, you can do the math if you are taking the 2013 base and then you're looking at the 7% to 10% growth out through 2018, calculate a number, and then bring it back to the implied growth off of the 2014 mid-point, and you come up with a 6% to 9.5% growth rate off of 2014, over that period.

Q - Gregg Orrill {BIO 1532939 <GO>}

And then if you come back to Slide 15, the negative driver there, just higher cost in Missouri and otherwise, is there anything more that you could provide detail on there or is it really just a thought about the impact of regulatory lag in Missouri?

A - Marty Lyons {BIO 16632050 <GO>}

Gregg, obviously, what we're trying to do on Slide 15 is just provide some of what we consider to be the meaningful drivers -- or earnings considerations for 2015. As I said before, as we think about the Missouri electric rate case, we would plan to file that in July of this year -- July of 2014 -- so you would expect the normal 11-month resolution, with a rate increase in June. Again, we're timing this rate case, certainly, to pick up these large capital investments that we're making this year, but in the early part of 2015, given the Missouri regulatory framework, you would expect to have some regulatory lag as a results of those investments, when you think about depreciation, property taxes, the potential for some incremental O&M costs in early 2015. Then the rate increase would kick in that June time frame of 2015. Then we lay out just a number of the other drivers, which we've got. As you know, the formula rates in Illinois, the investments we're making there in both the gas and electric portions of our Business, and of course the investments we're making in the transmission. Then, as you know, the somewhat incremental reduction we would expect to get with the parent and other costs going into 2015.

Q - Gregg Orrill {BIO 1532939 <GO>}

Okay, thanks.

A - Marty Lyons {BIO 16632050 <GO>}

You're welcome.

Operator

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

A - Doug Fischer {BIO 16481971 <GO>}

Before we complete our call today, Warner and Tom have some closing remarks. Warner?

A - Warner Baxter {BIO 1858001 <GO>}

Thanks. I know it has been a long call and I thank you for your interest in the Company, but we do have a couple of closing comments. As I said at the outset, I'm very, very humbled and honored to follow in Tom's footsteps. As you all know, his strong leadership over these past five years has delivered tremendous value to our shareholders and I can tell you his leadership has also delivered tremendous value to our customers and all the communities that we serve. It's important to know that Tom's strong leadership has also positioned Ameren and our team to continue to deliver superior value to our shareholders and customers and, frankly, the communities that we serve in the future. He has demonstrated a commitment to safety, diversity, and service to our shareholders and our customers and our communities, as well as a generation of Ameren coworkers for 45 years -- well, it's just simply unequaled. So, Tom, on behalf of our entire Ameren team, I want to thank you for your tremendous leadership, and I just want to personally thank you for being such a fine mentor and a friend to me, so thank you, Tom.

A - Tom Voss {BIO 1892060 <GO>}

Thanks, Warner. This is my final quarterly earnings call for Ameren and I would like to share a few thoughts. It's been an honor to lead this great Company for these past five years. I am pleased that during this time, our team developed a clear vision and strategy for the future, and made significant progress on executing that strategy. My many years with the Company have been very rewarding. I've always said that the secret to a great career is to be able to say that you love what you do, why you do it, and who you do it with. I can tell you that I have really enjoyed working with our Board of Directors, our leadership team and co-workers for the benefit of Ameren shareholders and customers. I've also enjoyed interacting with so many of you in the investment community. Warner has been with Ameren for nearly 20 years and has served in a wide variety of leadership roles in finance and operations. I have absolute confidence in his ability to lead Ameren and that he will continue to execute on, as well as enhance, Ameren's growth strategy.

A - Doug Fischer {BIO 16481971 <GO>}

This is Doug. 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 your questions, you may call the contacts listed on today's release. Financial analyst inquiries should be directed to me, Doug Fischer, or my associate, Matt Thayer. Media should call Joe Muehlenkamp. Our contact numbers are on the news release. Again, thank you for your interest in Ameren and have a great day.

Operator

Thank you, ladies and gentlemen. This does conclude today's teleconference. You may disconnect your lines at this time.