# Q3 2017 Earnings Call

## Company Participants

- Doug Fischer, Senior Director of Investor Relations
- Marty Lyons, Executive Vice President and Chief Financial Officer
- Michael Moehn, Chairman and President
- Warner Baxter, Chairman, President and Chief Executive Officer

## Other Participants

- Andy Levi, Analyst, Avon Capital Advisors
- Kevin Fallon, Analyst, Citadel LLC
- Paul Patterson, Analyst, Glenrock Associates
- Paul Ridzon, Analyst, KeyBanc Capital Markets
- Unidentified Participant

## Presentation

### Operator

Greetings, and welcome to the Ameren Corporation's Third Quarter 2017 Earnings Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. (Operator Instructions) As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Mr. Doug Fischer, Senior Director of Investor Relations. Thank you, Mr. Fischer, you may begin.

### Doug Fischer {BIO 16481971 <GO>}

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

Before we begin, let me cover a few administrative details. This call contains time sensitive data that is accurate only as of the date of today's live broadcast, and redistribution of this broadcast is prohibited. To assist with our call this morning, we have posted a presentation on the amereninvestors.com website homepage that will be referenced by our speakers.

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

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

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

## Warner Baxter {BIO 1858001 <GO>}

Thanks, Doug. Good morning, everyone, and thank you for joining us. Before I begin my business update, I first want to express my deep appreciation to our coworkers and contractors who volunteered to leave their families to work tirelessly in very challenging conditions to restore power for those who experienced outages due to hurricanes impacting Texas and Florida. I'm particularly thankful that all of our coworkers returned home safely. The restoration efforts for Hurricanes Harvey and Irma were just another example of the incredible team work and commitment to our customers that is so often displayed by our industry. Further, Ameren and our industry stand ready to support Puerto Rico in it's hurricane restoration efforts. Our thoughts and prayers remain with those families who lost loved ones, their homes or were otherwise impacted by these devastating storms.

Moving to our financial results. Earlier today, we announced third quarter 2017 core earnings $1.24 per share compared to $1.52 per share earned in the third quarter of 2016. This year-over-year decline of $0.28 per share was largely driven by a $0.24 per share change in the timing of interim period revenue recognition at Ameren Illinois Electric Distribution, a matter which we highlighted earlier this year. This $0.24 timing related decline in third quarter earnings will have no effect on full year earnings due to increases in revenue recognition in the first, second and fourth quarters this year compared to last. Marty will discuss this and other factors driving the quarter results in more detail in a moment. I'm also pleased to report that we remain on track to deliver strong core earnings results in 2017. This morning, we announced that we narrowed our 2017 core earnings guidance to a range of $2.73 to $ 2.87 per share.

Moving to page five, here we reiterate our strategic plan which we have been executing very well over the last several years. We remain focused on operating our businesses safely while strategically allocating capital and continuing to exercise disciplined cost management. We expect the strategic capital allocation along with disciplined cost management that supports our goal of bringing close to allowed returns in all of our jurisdictions to result in solid long-term earnings growth. I'm happy to report that in 2017, we have been successfully executing these key strategic actions across all of our businesses. As you can see on the right side of this page, during the first nine months of this year, we invested nearly $1 billion or two-thirds of total capital expenditures in our transmission and distribution businesses where investments are supported by regulatory frameworks that provide fair, predictable and timely cost recovery.

Since our second quarter call, we achieved a couple of key milestones on the 100 mile Mark Twain transmission line in Northeastern Missouri. To begin, ATXI's proposed alternative route for this project, which is nearly 100% co-located on existing rights of way, has received all five required county assents for road crossings. This was an important accomplishment and required extensive collaboration with many key stakeholders. As a result of achieving this important milestone, in mid-September, ATXI requested a certificate of convenience and necessity for the Mark Twain alternative route from Missouri Public Service Commission, and we expect to receive a commission order in the first half of next year. There's been no change to the estimated $250 million project cost and the planned in-service date remains late 2019.

Turning now to page six. We also continued to invest in Ameren Illinois Electric and Natural Gas Distribution infrastructure projects. To the end of September, Ameren Illinois has installed 560,000 smart electric meters and 290,000 gas meter modules. They provide customers with enhanced energy usage data and access to programs to help them save on their energy bills. We're working to deploy these meters to all of our 1.2 million electric and 800,000 gas customers in Illinois by the end of 2019. Additional investments include Natural Gas Distribution projects that upgrade our gas main infrastructure and electric distribution projects that add smart grid technology and upgrade substations, all to improve the safety and reliability of our system.

Moving to Ameren Missouri. As you know, earlier this year, we achieved a constructive settlement in our electric rate review which favorably impacted our third quarter results. From an operational perspective, the Callaway Energy Center began it's scheduled refueling and maintenance outage in the early October after completing a breaker to breaker run of 514 consecutive days, the second longest run in Callaway's history. The outage is progressing safely on schedule and on budget.

Shifting now to our legislative efforts in Missouri, we remain very focused on enhancing Missouri's regulatory framework to better support investment in it's energy infrastructure. The growing body of evidence from across the country clearly shows that these modernized energy policies deliver significant long-term benefits to customers. Those benefits include a more reliable and smarter energy grid, a more secure grid to address potential cyber-attacks, and greater tools for customers to manage their energy usage. During the 2017 legislative session, we presented a thoughtful and robust energy infrastructure plan that included an incremental $1 billion in investment over five years and up to $4 billion over 10 years. Of course, these investments will also create thousands of good quality jobs in the State of Missouri.

The proposed legislation also included other strong economic development provisions and consumer protections to keep our already lower electric rates affordable and competitive in the future. These factors have resulted in strong bipartisan support in the legislature to modernize Missouri's regulatory framework. As a result, we are leveraging the meaningful progress we have made over the last several legislative sessions and continue to work collaboratively with key stakeholders to chart the constructive path forward for our customers and the State of Missouri. And as we noted earlier this year, we expect to support the legislative initiative in 2018 to modernize Missouri's regulatory framework for electric utilities. Legislation can be filed as early as December1st with the 2018 session officially beginning January 3rd next year.

Turning to page seven, the Missouri's integrated resource plan. In late September, Ameren Missouri filed a new IRP with the Missouri PSC which it does every three years. This document details our assessment of the electric energy needs of our customers for the next 20 years and puts forward our preferred resource plan for meeting those needs. The 2017 IRP is consistent with our objective to transition our generation fleet to a cleaner, more diverse energy portfolio in a responsible fashion. Further, the IRP outlines a significant step change in our renewable energy portfolio due to the advancement of technologies and improved economics. Importantly, the IRP is consistent with the requirements of Missouri's renewable energy standard, which requires Ameren Missouri to source at least 15% retail customer sales from renewable energy resources by 2021, subject to a 1% average annual limit on customer rate impacts. Our preferred plan calls for the addition of at least 700MW of wind generation by 2020 and 100MW of solar generation by 2027.

After careful assessment, we believe it is in our customers' long-term best interest for Ameren Missouri to own these new wind resources which represents a potential investment of approximately $1 billion. We have been working on this important undertaking for many months, but we still have more work in progress to successfully execute our preferred plan. We're still completing due diligence on certain matters and are in negotiations with several developers which will ultimately determine the source, location, and cost for these projects. We also recognize that the comprehensive tax reform proposal released yesterday included revisions to the current production tax credit rules for wind generation. We expect that the proposed changes to the PTC rules will be the subject of much discussion by policy makers and key stakeholders over the next several weeks.

While it remains uncertain whether these potential modifications to the PTC rules will become law as well as tax reform in general, we will of course assess the potential implications of these changes on our plan if any. Ownership will also require Ameren Missouri to secure Certificates of Need from Missouri PSC for each location as well as regional transmission organization interconnection agreements.

We are excited about the customer and environmental benefits as well as the potential significant investment and growth opportunities outlined in our preferred plan. As you know, we are very strategic when it comes to managing and financing our capital plan in order to deliver long-term benefits for our customers and shareholders. As a result, we will carefully assess our prospective infrastructure investment plans in the context of this potential $1 billion wind investment. Our current infrastructure investment plan does not include any expenditures for renewable energy. We will also carefully consider the best long-term financing plan for this potential investment. Of course, we remain committed to maintaining strong equity ratios and credit metrics at our utilities and on a consolidated basis.

We will also assess the best approach to recover the cost of and the return on these potential investments in the Missouri's regulatory framework. One tool is a cost recovery mechanism that is already included in the Missouri renewable energy standard. It is a rider mechanism that is specifically designed to address the revenue requirement impacts resulting from complying with renewable energy standard. The use of this rider mechanism would require approval by the Missouri PSC. It is premature to go into more detail on all of these matters at this time. However, we plan to provide further updates to you during our year-end conference call in February 2018 .

Before I move off this subject, I would also note that Ameren Missouri has established $CO_2$ emission reduction goals from it's generation fleet up 35% by 2030, 50% by 2040, and 80% by 2050. In summary, our Integrated Resource Plan is a forward thinking plan that is a win-win-win for customers, the environment and our shareholders. Rest assured, we are very focused on executing this important opportunity for all of our stakeholders.

Turning now to page eight, in the current five-year plan. In February, we outlined our investment plan that included $10.8 billion regulated infrastructure investment as well as 6% compound annual rate base growth from 2016 to 2021 reflecting greater levels of capital allocated to those jurisdictions with more constructive regulatory frameworks. To be clear, this plan does not include the potential $1 billion investment in wind generation outlined in Missouri's IRP that I just discussed. It also does not include potential additional investments $1 billion over five years and up to $4 billion over 10 years that could be enabled by constructive Missouri legislation. As we look to the future, the successful execution of our robust five-year plan is not only focused on delivering strong results through 2021, this is also designed to position Ameren for success over the next decade and beyond.

With this long-term view in mind, we are already making significant investments in our Illinois electric and gas utilities that will position us for success including those in smart meters, digital technologies and other infrastructure due to supportive regulatory frameworks. And as we have mentioned, we have identified similar, significant Missouri grid monetization investments we would undertake with improvement in the Missouri regulatory framework.

The bottom-line is that we are taking steps today across the board to position Ameren for success in the next decade and beyond. And we believe we have a strong, high quality and sustainable pipeline of investment opportunities that would benefit customers, the communities we serve and shareholders.

Turning now to page nine to conclude my remarks. In February, we affirmed our expectation for earnings per share growth of 5% to 8% compounded annually from 2016 through 2020 based on the adjusted 2016 guidance midpoint we outlined early last year. This was driven by a robust 6% compound annual rate base growth from 2016 to 2021. We consider both our rate base and earnings growth outlooks to be attractive compared to our regulated utility peers. Ameren also continues to offer investors a solid dividend. Last month Ameren's Board of Directors express it's confidence in our long-term growth plan by increasing the dividend by 4%. Of course, future dividend decisions will be driven by earnings growth, cash flows, and other business conditions.

To summarize, we believe our strong rate base and earnings growth profile combined with our solid dividend currently providing a yield of approximately 3% results in an attractive total return opportunity for shareholders compared to our regulated utility peers. We remain focused on executing our strategy and I am firmly convinced that doing so will deliver superior value to our shareholders, customers, and the communities we serve.

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

## Marty Lyons {BIO 4938648 <GO>}

Thanks, Warner, and good morning, everyone. Turning now to page 11 of our presentation. Today, we reported third quarter 2017 GAAP earnings of $1.18 per share compared to GAAP earnings of $1.52 per share for the year-ago quarter. Excluding the third quarter 2017 non-core non-cash charge of $0.06 per share at the parent company for the revaluation of deferred taxes, Ameren reported third quarter core earnings of $1.24 per share. This charge was the result of an increase in Illinois' corporate income tax rate to 9.5% from 7.75% effective July 1st of this year. Beyond this charge, we do not expect the tax increase to have a material prospective impact on consolidated earnings. Finally, as you can see on this page, there was no difference between GAAP and core results for last year's third quarter.

Turning now to page 12, on this page we highlight by segment the key factors that drove the overall $0.28 per share decrease in core earnings. Starting with Ameren Illinois Electric Distribution third quarter year-over-year earnings decreased to $0.26 per share driven by a $0.24 per share change in the timing of interim period revenue recognition resulting from the Future Energy Jobs Act. This Act modified the existing formulaic rate making by decoupling our distribution revenues from sales volumes. While this change is impacting quarterly comparisons, it will not affect full year earnings.

The effects of decoupling also eliminated weather impacts in 2017. As a result, comparable earnings were down $0.02 per share as 2016 results benefited from warmer than normal summer temperatures. Finally, Ameren Illinois Electric Distribution third quarter 2017 earnings benefited from increased infrastructure investments as well as a higher allowed return on equity under formulaic rate making of 8.7% compared to 8.3% for the year-ago quarter.

Next, Ameren Missouri third quarter year-over-year earnings decreased $0.02 per share reflecting lower electric retail sales primarily driven by milder summer temperatures, the absence of the 2016 performance incentive award for the 2013 to 2015 energy efficiency plan and higher depreciation expenses. These and other factors were mostly offset by new electric service rates effective April 1st which increased earnings $0.15 per share. The new rates were driven in part by increased infrastructure investments and removal of the negative effect of lower sales to the New Madrid smelter.

Turning to Ameren Transmission, third quarter year-over-year earnings were comparable. The positive impact of increased transmission infrastructure investments at ATXI and Ameren Illinois which both operate under constructive FERC formulaic rate-making were offset by a lower average allowed return on equity of 10.8% in 2017 compared to an average of approximately 12.3% in the year-ago quarter. In 2016, our Transmission segment benefited from a temporarily higher FERC-allowed ROE as a result of the expiration in May of 2016 of the 15-month refund period for the second MISO ROE complaint case. This temporary benefit ended in September 2016 when the FERC adjusted MISO's base ROE to it's current level.

Before moving on, let me briefly cover electric sales trends for Ameren Missouri and Ameren Illinois distribution for the first nine months of 2017 compared to the first nine months of 2016. Weather normalized kilowatt-hour sales to Missouri residential and commercial customers on a combined basis were flat, excluding the effects of our Missouri energy efficiency plan under MEEIA. We exclude MEEIA affects because the plan provides rate recovery to ensure that earnings are not affected by reduced electric sales resulting from our energy efficiency efforts. These sales results reflect underlying 2017 growth, offset by the absence of the 2016 leap-day sales benefit. Kilowatt-hour sales to Missouri industrial customers were also flat, excluding sales to the New Madrid smelter, which shut down operations during the first quarter of 2016.

Weather normalized kilowatt-hour sales to Illinois residential and commercial customers on a combined basis decreased 1%, primarily driven by energy efficiency. Our kilowatt-hour sales to Illinois industrial customers decreased 4%, primarily due to lower sales to a large low margin processor of agricultural products. Recall, the changes in electric sales in Illinois, no matter the cost, do not impact our earnings since the Future Energy Jobs Act provided full revenue decoupling beginning this year.

Moving to page 13 of our presentation. I would now like to discuss our 2017 earnings guidance. Today, we narrowed our GAAP guidance range to $2.67 to $2.81 per share, which includes the third quarter non-cash tax related charge of $0.06 per share, which I discussed earlier. Excluding this charge, we expect to deliver 2017 core earnings within a range of $2.73 to $2.87 per share reflecting continued solid execution of our strategy, including continued disciplined cost management. This guidance assumes normal temperatures for the last three months of this year.

Moving to the balance of the year, we list on this page, select considerations that will affect the comparability of fourth quarter 2017 core earnings to last year's fourth quarter results. Some of the larger impacts include a change in the timing of interim period revenue recognition in Ameren Illinois Electric Distribution business, the fourth quarter Callaway refueling and maintenance outage, and the 2017 Missouri electric rate review settlement. Before moving on, I would like to mention that we expect Ameren Illinois to issue long-term debt before the end of the year to repay $250 million of maturing 6.125% senior secured notes and refinance short-term debt.

Moving now to page 14 for a discussion of select regulatory matters pending at the Illinois Commerce Commission and the Federal Energy Regulatory Commission. Ameren Illinois is supporting a $17 million decrease in the annual electric distribution revenue requirement in it's required annual electric distribution rate update filing consistent with the ICC staff's filed testimony. An ICC decision is expected in December of this year with new rates effective early next year.

Turning to the FERC, the second complaint case that seeks to reduce the base allowed ROE for MISO transmission owners including Ameren Illinois and ATXI remains pending. These FERC regulated businesses are currently earning a 10.82% ROE, which includes a 50 basis point adder for MISO membership and they will continue to do so pending the outcome of this case. While a quorum has been re-established at the FERC, it remains uncertain when the commission will rule.

In addition, in September, the MISO transmission owners including Ameren Illinois and ATXI filed a motion to dismiss the second complaint case maintaining that the current base ROE of 10.32% ordered by the FERC in the first complaint case has not been shown to be unjust and unreasonable.

Further, the MISO transmission owners believe the second complaint should be dismissed because the approach used by the complainants to argue that the ROE was unjust and unreasonable, was rejected by the US Court of Appeals for the DC Circuit in the New England case. The FERC is under no deadline to issue an order on the motion to dismiss.

Facing a significant backlog of other cases, we expect that the FERC commissioners will take time to consider the court ruling in the New England case as well as the MISO transmission owners recent motion as both may influence the FERC's order in the pending second MISO ROE complaint case.

Turning now to page 15 of our presentation and potential Federal Income Tax Reform. Ameren supports thoughtful comprehensive tax reform because we believe that lower corporate tax rates would drive economic growth and job creation benefiting our customers, the communities we serve, and other key stakeholders. We will continue to advocate for tax reform that would benefit stakeholders and that appropriately supports our industry's efforts to invest in our nation's critical energy infrastructure in an affordable manner.

Earlier this year on our February earnings conference call, we shared with you our perspectives on potential financial considerations and impacts associated with tax reform elements under consideration at that time. As you know, yesterday, Republican leaders in the US House of Representatives released a new comprehensive income tax reform proposal. Ameren along with our industry colleagues is still in the process of reviewing this proposal. While the debate on tax reform took another step forward yesterday, the timing and elements of tax reform if ultimately successful remain uncertain. We will remain actively engaged with our industry colleagues on this important policy matter in the weeks ahead.

That said, regardless of whatever federal income tax law changes may be made, it is important to remember that our operations are fully rate regulated. We have limited parent company debt and we have a robust pipeline of high quality investment opportunities, we can deliver strong long-term benefits for our customers and shareholders.

Turning to page 16. We plan to provide 2018 earnings guidance when we release fourth quarter results in February of next year. However, using our 2017 guidance as a reference point, we have listed on this page select items to consider as you think about our earnings outlook for next year.

Beginning with the first item listed earnings from our FERC regulated electric transmission activities are expected to benefit from additional investments in Ameren Illinois and ATXI projects made under forward-looking formulaic rate-making. Ameren Transmission earnings would of course be affected by any change to the current allowed ROE of 10.82%.

For Ameren Illinois electric distribution service, earnings are expected to benefit in 2018 compared to 2017 from additional infrastructure investments made under Illinois' formulaic rate-making. The allowed ROE will be of course the average 2018 30-year Treasury yield plus 5.8%. In addition, Ameren Illinois Gas Distribution earnings are expected to benefit from qualified investments that are included in rates on a timely basis under the state's gas infrastructure rider.

For Missouri, the 2018 earnings comparison is expected to be favorably affected in the first quarter of next year by increased Missouri electric service rates that took effect April 1st of 2017. In addition, we expect the absence of expenses associated with our fourth quarter 2017 Callaway nuclear refueling and maintenance outage to benefit 2018 earnings by approximately $0.08 per share compared to 2017. The next scheduled Callaway refueling and maintenance outage is in the spring of 2019. Further, a return to normal weather in 2018 would increase Ameren Missouri earnings by approximately $0.06 share compared to 2017 results to-date assuming normal weather in the last quarter of this year. And we expect lower interest expense driven by the refinancing of debt in 2017 and 2018 to favorably impact 2018 results. Finally, we expect Ameren Missouri's 2018 results to also reflect regulatory lag associated with increased depreciation, transmission and property tax expenses.

Turning to page 17, I will summarize. We expect to deliver 2017 core earnings within a range of $2.73 to $2.87 per share as we continue to successfully execute our strategy. As Warner stated, as we look ahead, we continue to expect strong earnings per share growth driven by strong rate base growth and disciplined financial management and Ameren shares continue to offer investors an attractive yield based on our recently increased dividend. In total, we believe we offer investors an attractive total return story compared to our regulated utility peers. That concludes our prepared remarks. We now invite your questions.

# Questions And Answers

## Operator

Thank you. We will now be conducting a question-and-answer session. (Operator Instructions) Our first question comes from the line of Paul Patterson with Glenrock Associates. Please proceed with your question.

## Q - Paul Patterson {BIO 1821718 <GO>}

Good morning, guys.

## A - Warner Baxter {BIO 1858001 <GO>}

Good morning, Paul.

## A - Marty Lyons {BIO 4938648 <GO>}

Good morning, Paul.

## Q - Paul Patterson {BIO 1821718 <GO>}

Sorry to have missed this, but you went over the sales growth for Missouri and Illinois, I think with 1% weather adjusted and leap year adjusted for Illinois year-to-date, is that correct?

## A - Warner Baxter {BIO 1858001 <GO>}

Yeah, let me -- let me go over that again Paul just overall. We talked about for Missouri weather normalized kilowatt-hour sales to residential and commercial were about flat. Excluding the impacts of our energy efficiency programs, we have seen a little bit of growth there offset by as you know we had a leap day benefit last year. So overall flat there. Also in industrial class, Missouri is pretty flat as well.

Over in the Illinois area, the weather normalized kilowatt-hour sales to residential and commercial is actually down about a percent. As you know, we increased the energy efficiency efforts this year and I think that's being reflected in those lower sales. And then in Illinois, industrial was down about 4%. As we noted on the call, it's certainly important to remember that in our Illinois service territory we're fully decoupled today based on the passage of the law last December where we increased our energy efficiency efforts, we also had decoupling associated with that. So those sales declines are not affecting bottom-line results.

## Q - Paul Patterson {BIO 1821718 <GO>}

Okay. And just back to Missouri, the flat numbers were inclusive of your energy efficiency efforts and leap day and weather, correct? -- weather --

## A - Warner Baxter {BIO 1858001 <GO>}

Yeah, that's correct, Paul. And those are -- and all those stats I gave you too were for the 9 months year-to-date. In terms of Missouri, which you asked about specifically, we're actually seeing some positives this quarter in terms of growth in both residential and commercial customer accounts. So that's nice, about half a percent residential and almost a percent in commercial. So we're seeing a little bit of growth there and when we look at the economy, of course, as you know, this morning I think nationally, the unemployment number came out at 4.1%.

We've been staying a little actually south of that a little better than that, Missouri unemployment at 4%, and who knows, maybe even a little bit less given the announcement today that nationally move down and Illinois unfortunately has been a little higher closer to 5. So, but overall I would say the unemployment has followed national trends and I would say overall the economies in both states are fairly stable.

## Q - Paul Patterson {BIO 1821718 <GO>}

Okay, great. And then Warner you made some comments about the legislation being introduced, I guess as early as December perhaps, I'm sorry again if I missed this, but I guess what timeframe are you guys thinking of your legislation being impacted. And then also as I recall there was a PSC proceeding in Missouri, just sort of look at things, sort of like what you guys are talking about a legislation. Has that concluded? And I apologize, but was there anything significant out of that. I apologize for not remembering what it was.

## A - Warner Baxter {BIO 1858001 <GO>}

Always a lot of (inaudible) in Missouri. I'll comment on the timing of legislation, then I'll look to Michael Moehn to comment on the proceedings that are going on in the Missouri looking at some forward-looking things from a regulatory perspective. Big picture, we have not set a specific time in terms of when legislation would ultimately be introduced. We are very focused to try and get working with key legislators to get legislation pre-filed for the legislation -- legislature starts.

Pre-filing could begin as early as December, the legislature opens on January 3rd. So we don't have a specific date, but we have been working hard over the summer with our key stakeholders, with our partners to put ourselves in as good a position as we possibly can to move forward. And so we would expect that the file legislative or support the legislative initiative in 2018.

So Mike, do you want to touch on some of the other proceedings going on Missouri?

## A - Michael Moehn {BIO 5263599 <GO>}

Sure, absolutely, Warner. And also I think we're just, we're going to continue to build off the good work that we made progress that we made at the end of the session last year and now specifically with respect to the initiatives in Missouri, I think you're referring to, there was an interim senate committee as well as the PSC put some workshops on to really look at these regulatory reform issues and those both have concluded. I would say in general, they were pretty positive and supportive of what we're trying to do in varying degrees, but overall supported the idea of modernizing the grid, the benefits for customers and the need for some regulatory reform in the State of Missouri to make that happen.

## Q - Paul Patterson {BIO 1821718 <GO>}

But can the PSC do anything on its own now, I mean I thought they were maybe looking at perhaps changing some of their own processes, Just administratively so to speak as opposed to requiring legislation to do something. Is there anything possible on that end to happen?

## A - Michael Moehn {BIO 5263599 <GO>}

Yeah, I mean, look, I think the PSC does have the ability to do -- make some certainly administrative changes to the overall regulatory process to try to help facilitate that. I think that they were also advocating for some legislative changes as well to give themselves some more tools which give us really more certainty at the end of the day to make these kind of needed investments.

## A - Warner Baxter {BIO 1858001 <GO>}

And Mike, you made comment on the PSC -- they were doing some workshops on some forward thinking regulatory policies around electric vehicles and those types of things. Perhaps Paul has heard a little bit about that, so maybe you can talk about some of those things which were taking place, which state it is, what that the PSC is initiated on around?

## A - Michael Moehn {BIO 5263599 <GO>}

Right and that's really around these emerging technology workshops that they kicked off, and then Warner is right, I mean that's really looking at the benefits of electrification and modernizing the grid, which again I think all these point back towards some needed changes within the regulatory structure to promote some of these kind of investments and again I think that they point to some things from a legislative standpoint that could occur, you know as well, you're right, I mean, I think they have some tools available to do some of these things also.

## Q - Paul Patterson {BIO 1821718 <GO>}

Okay, great. I'll let other people ask questions. Thanks a lot.

## A - Warner Baxter {BIO 1858001 <GO>}

Thank you, Paul.

## Operator

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

## Q - Paul Ridzon {BIO 1984100 <GO>}

Good morning.

## A - Warner Baxter {BIO 1858001 <GO>}

Good morning, Paul. It's the morning of Pauls right away, right? Here we go.

## A - Marty Lyons {BIO 4938648 <GO>}

I guess now we're going to get Paul Duboss on your next meeting.

## A - Warner Baxter {BIO 1858001 <GO>}

Here we gp, here we go. We have a (inaudible).

## Q - Paul Ridzon {BIO 1984100 <GO>}

Assuming that tax reforms doesn't pass, with your wind projects, are you set up to have 100% PTC? Do you have access to safe harbor turbines?

## A - Marty Lyons {BIO 4938648 <GO>}

Paul, this is Marty Lyons. As it relates to that, we have been in the process of negotiation with developers and those negotiations are ongoing and part of that is determining that in fact the developers have done what's necessary to make sure that we're eligible for the PTC and that's a key part of the diligence efforts as part of this and this is going on in tandem with negotiations.

## Q - Paul Ridzon {BIO 1984100 <GO>}

And then you talked about a potential $1billion, if this were to come to fruition, would that be additive to your current plan or would it kind of displace some other capital?

## A - Marty Lyons {BIO 4938648 <GO>}

Well the current plan is which we made pretty clear in the slides, the current plan did not incorporate any investment in renewables, so there was no spending in the current plan for these renewables. So in that sense the $1 billion would be additive to that. Now as Warner talked about in his prepared remarks, what we would do is step back, evaluate our overall five-year infrastructure investment plans in the context of that incremental wind investment and we'd expect them to present probably in February of next year what our forward five-year capital plan looks like.

## Q - Paul Ridzon {BIO 1984100 <GO>}

You mentioned some potential re-financings 250, what term do you think you put on that on refinancing?

## A - Marty Lyons {BIO 4938648 <GO>}

I don't know, it's an Ameren Illinois offering. Typically we're looking out at 10- or 30-year kinds of offerings.

## Q - Paul Ridzon {BIO 1984100 <GO>}

And then in your 18 drivers, you mentioned potential other refinancings, do you have a sense of how big in timing on that?

## A - Marty Lyons {BIO 4938648 <GO>}

I think as we look out to 2018 we did mention a couple of refinancing opportunities. There are -- there are a couple maturities of Missouri that we were specifically speaking of. I think they total something like $350-ish million over the course of next year. So we'd be looking at opportunities to refinance those maturities. I think they're two separate maturities that add up to about that number.

## Q - Paul Ridzon {BIO 1984100 <GO>}

Do you have a ballpark group down on this?

## A - Marty Lyons {BIO 4938648 <GO>}

I do not at this time.

## Q - Paul Ridzon {BIO 1984100 <GO>}

And then just on legislation, obviously you've gotten, I would say, to the one-yard line before, are you making progress with the parties that could filibuster?

## A - Warner Baxter {BIO 1858001 <GO>}

Yeah so Paul, this is Warner. I'll comment briefly. Look, as I said before, there's been a lot of work being done here what I call the off season with a host of stakeholders. So the conversations continue to be constructive and we try to make sure those that have had opposition that we reach out to them to get their input. And so it's ongoing and we are very focused to de-leverage, as Michael said a moment ago, the really strong bipartisan support that we have in both the House and the Senate as well as the stakeholders across the state to move something forward that's in the best interest of our customers and certainly the communities we serve and certainly our shareholders.

So it's -- there's still more work to be done and the team is hard at it as well as working with our partners across the state.

## Q - Paul Ridzon {BIO 1984100 <GO>}

I think you're making some progress. Thank you.

## A - Warner Baxter {BIO 1858001 <GO>}

Thank you.

## Operator

Thank you. Our next question comes from the line of Andy Levi with Avon Capital Advisors. Please proceed with your question.

## Q - Andy Levi {BIO 17235317 <GO>}

Hi, good morning.

## A - Warner Baxter {BIO 1858001 <GO>}

Good morning, Andy.

## Q - Andy Levi {BIO 17235317 <GO>}

How are you guys doing?

## A - Warner Baxter {BIO 1858001 <GO>}

We're well, how are you doing?

## Q - Andy Levi {BIO 17235317 <GO>}

I'm doing very well. Thank you. So just to understand the Missouri kind of clean energy initiative. So this plan was -- is made to meet that I was just curious so we have, if for whatever reason this House bill were to end up being law and the PTC was changed as it is written in that bill, how does that work? I mean obviously I understand the economics of it. But you still have to meet that standard. Is that correct?

## A - Michael Moehn {BIO 5263599 <GO>}

We do. See you're referring to the renewable energy standard here at Missouri.

## Q - Andy Levi {BIO 17235317 <GO>}

Yeah, Missouri, right.

## A - Michael Moehn {BIO 5263599 <GO>}

Yeah I think something to be mindful of, within that standard I mean there is a 1% cap on customers as well that we also have to balance in all of this and making sure that we comply. And so, I mean obviously that's something that we'll be mindful of -- as we work through this, and be mindful of these proposed changes in the tax law.

## Q - Andy Levi {BIO 17235317 <GO>}

Okay, sure, how do you kind of, again whether a law -- whether it becomes a law or not, a lot of people say it's doubtful, but if it were, how do you work around this, have you thought about it, I mean it's only been a day less?

## A - Warner Baxter {BIO 1858001 <GO>}

So, Andy this is Warner. I mean, look, I think the legislations' 24 are the proposal to be clear (Multiple Speakers) and so we're -- we'll assess this. And as I said in my prepared remarks my sense is this particular provision will get a lot of attention over the next several weeks from key stakeholders from across the country, but we have -- we're still at session at our cell. And so the only thing as I said during our talking points is that we understand that real benefit to customers, the environment and shareholders as a result of this plan. So we're very focused on it. And so we're going to work very hard to get our arms around this potential proposal as well as looking at the existing law within the State of Missouri and also be mindful that it is our desire to transition our generation portfolio to a cleaner, more diverse portfolio in a responsible fashion.

All those things come together and we expect them as things move on to be able to give a more comprehensive update on all these things certainly in February when we come and have our year-end conference call and give you a more forward-looking outlook for the next five years.

## Q - Andy Levi {BIO 17235317 <GO>}

Okay. And then as we talk about more of it (inaudible) when we see it, but and then the second thing is just understand on the drivers for '18, if I kind of do the math correctly, and then you kind of maybe net out the property taxes and depreciation that doesn't flow through Illinois on the formula rate. Is there about 30 to 30 plus sense of upside everything else equals?

## A - Marty Lyons {BIO 4938648 <GO>}

Hi, Andy. This is Marty, obviously we're not giving specific 2018 guidance. I think it in --

## Q - Andy Levi {BIO 17235317 <GO>}

No. I think of the drivers that you gave.

## A - Warner Baxter {BIO 1858001 <GO>}

Well, yeah If you look at slide 16. I think that you'll see that we gave a number of important drivers to think about as you think about 2018 and probably we are not going to go much beyond that, but I think we've given you some really good specificity to hook into. Obviously, we've got this increased investment in Ameren Transmission, the rate base is clearly expected to go up next year from 2.5 billion to 2.9 billion next year. And, as you know a little uncertainty around what the ROE will be next year. Right now we're earning 10.8% and we'll see when the FERC rules on the second complaint case and how they rule. We've got higher rate base expected next year at Ameren Illinois Electric which is subject to formulaic rate making.

The 30-year treasuries did rise over the course of this year, we'll see what happens over next year. Gas distribution business, while we don't have a rate case next year, we do get to formulaicly adjust rates based on a rider there. Since they formulaicly we get to adjust rates based on the rider there for infrastructure investments. About 50% of our CapEx qualifies for those adjustments. So that's a boost.

And then we do get a little carryover next year from the rate increase that went into effect in Missouri this year in April. So we will pick up the first quarter benefit next year which we quantified on slide 16. There is no Callaway refueling outage next year, that's of course $0.08. We've had some negative weather this year, we've had about a $0.06 headwind from weather this year, if we erase that next year and go to normal, that's another $0.06 pick-up and then as you mentioned, there are some other things, pluses and minuses, we expect lower interest. We talked about that on the last call, and the refinancings that we did this year provide about a $15 million annual tailwind as it relates to earnings.

Paul Ridzon asked earlier about some refinancings next year. I think the exact amount for next year is something like 380 million of Missouri refinancings. I didn't provide what we expect to be the coupon on the new debt, but with respect to the coupons on the debt we're replacing, it's in one case 5.1%, in other case 6%, so we'll be refinancing that at whatever the prevailing rates are at the time.

And then as you noted, there are always some headwinds that would be associated with some depreciation and would expect transmission and property tax headwinds as well. So we've provided I think a pretty comprehensive list of major earnings drivers for 2018.

## Q - Andy Levi {BIO 17235317 <GO>}

You definitely have. And then just follow-up on that. So when you give 2018 on the fourth quarter call, I guess these pluses right and whatever minuses but the incremental earnings that'll be based on your weather normalized earnings in '17, so whatever that is, if it's X, it will be X plus -- plus this, is that kind of the way to look at it?

## A - Warner Baxter {BIO 1858001 <GO>}

Yeah, I think that's a fair way to look at it. Yeah I think typically when we think about our growth, we don't always strip out whether to base the growth on, but yeah I think I'm not sure exactly how you're thinking about it. But yeah, you look at weather normalized 2017 and then use these things to build. Consider again whether there were any sort of one-time impacts in 2017 that you'd want to take into consideration besides weather.

## Q - Andy Levi {BIO 17235317 <GO>}

Okay. I'll see you at (inaudible) on Saturday Night, okay?

## A - Warner Baxter {BIO 1858001 <GO>}

Perfect Andy. I appreciate you calling in, enjoy yourself. (Multiple Speakers)

## Operator

Thank you. (Operator Instructions) Our next question comes from the line of Kevin Fallon with Citadel. Please proceed with your question.

## Q - Kevin Fallon {BIO 19872493 <GO>}

Hi guys, just a question for you. Good morning. What is the actual approval process for the Missouri win that you guys have proposed? Is it that you have to get the IRP approved and then there's another stage or just how do you deal with that?

## A - Warner Baxter {BIO 1858001 <GO>}

Michael, why don't you take that question please?

## A - Michael Moehn {BIO 5263599 <GO>}

So yeah there is no formal approval process for the IRP itself. I mean there is a review that occurs and people will comment et cetera. In terms of the specific win projects, we do have to file what's called a certificate of convenience or necessity here in the State of Missouri, a CCN. We foresee filing probably in the first half of '18. That process is really then -- you have folks come through and intervene et cetera. And so that's ultimately the approval process that occurs so that you feel good about going forward with the project.

## Q - Kevin Fallon {BIO 19872493 <GO>}

Okay, and Warner, in your comments, I think you mentioned something about rider recovery, is that how you're looking to move from the CCN to the actual build phase?

## A - Warner Baxter {BIO 1858001 <GO>}

So also it's part of that CCN finally and we will make an application to use this rider mechanism that's also outlined in the law and so that would be as part of that certificate process that I discussed.

## A - Marty Lyons {BIO 4938648 <GO>}

You're going to understand too. I'm sorry, it's important to understand this. This rider mechanism doesn't require formal rate case, it's all, it could stun. It's a rider mechanism outside of the general rate case. Just, that's how the provisions of that work.

## Q - Kevin Fallon {BIO 19872493 <GO>}

Exactly the and so you guys are going to have clarity on recovery before you actually commit the capital is what I'm asking?

## A - Warner Baxter {BIO 1858001 <GO>}

Correct.

## Q - Kevin Fallon {BIO 19872493 <GO>}

Okay. And the other thing in just terms of modeling for the FERC jurisdictions in the next year, until you have an order, you should -- we should assume that you're going to continue to book at your 10.82%?

## A - Warner Baxter {BIO 1858001 <GO>}

That's correct. We'll continue to look at 10.82% until we get an order that tells us to do otherwise.

## Q - Kevin Fallon {BIO 19872493 <GO>}

Okay. And then, you guys have highlighted additional CapEx in there tie to potential legislation, in terms of the financing going forward should we use like an FFO to debt target or consolidated equity target or just color on how we should assume the finance side, if it comes about?

## A - Marty Lyons {BIO 4938648 <GO>}

Yeah, I think that it's not probably clear bright line that I'd tell you, Kevin. I think what we'll do with whether we have additional CapEx due to the Integrated Resource Plan or we have additional CapEx due to other legislative efforts or other factors, we'll take a look, we'll step back and we'll take a look at the overall infrastructure investment plan. We will take a little step back and we will take a look at the overall cash flows associated with the business and then assess the best way forward to finance that. As Warner said in his prepared remarks, thinking about the credit metrics, credit ratings at the parent company, at the holding companies, the consolidated equity ratios, the cash flow metrics and how best to position I would say these incremental investments too for regulatory recovery and make this additive to shareholder value.

So, well, we'll take all of those factors into consideration and then think about the best path forward for financing those. Clearly as I think you mentioned in your question, given the $10.8 billion current infrastructure investment plan that we've laid out earlier this year, given the strength of our balance sheet and credit metrics, we didn't expect to need any equity as it related to financing that plan.

## Q - Kevin Fallon {BIO 19872493 <GO>}

Exactly. So when you update capital on the fourth quarter call this is a component of it as well, whatever you guys ultimately decide to do.

## A - Marty Lyons {BIO 4938648 <GO>}

I think as we roll forward with for you updated prospective CapEx plans, you should expect that we will offer comments as well on how we would plan to finance that overall infrastructure investment plan and related cash flows.

## Q - Kevin Fallon {BIO 19872493 <GO>}

That's very helpful, thank you very much.

## A - Warner Baxter {BIO 1858001 <GO>}

Thanks, Kevin.

## Operator

Thank you. Our next question comes from the line as David Emami with Verition Fund Management. Please proceed with your question.

## Q - Unidentified Participant

Hi, this is Ashar, how are you guys doing?

## A - Warner Baxter {BIO 1858001 <GO>}

Ashar, how are you doing?

## A - Marty Lyons {BIO 4938648 <GO>}

Good morning, Ashar.

## Q - Unidentified Participant

Pretty good, pretty good, pretty good. I just wanted to clarify one thing Marty. So what ROE did we book on the transmission side for 2017? Is it also 10.82%?

## A - Marty Lyons {BIO 4938648 <GO>}

Yes so in 2017 we've been recording the 10.82%. Last year, we actually had a temporarily higher ROE. So I think if there was any confusion, I'd say that year-over-year earnings in the third quarter on the transmission segment were relatively flat. We got the benefit of the increased infrastructure investments, but we had a the comparatively lower ROE because we went from an average of 12.3% ROE in the third quarter of last year to the 10.8% that we've got this year.

## Q - Unidentified Participant

Okay. So then as we monetize we go from '17 and '18 based on facts we have right now, there is going to be no change in ROE, right, as you book for '18 versus '17, correct?

## A - Marty Lyons {BIO 4938648 <GO>}

As I answered earlier in a question Ashar, we will continue to book 10.8% until such time as the FERC would tell us to do otherwise. So, as you know, there is the second complaint case that's outstanding, the ALJ in that particular case had ruled that we should perhaps move down from a 10.8% overall ROE which includes the 50 basis point adder down to 10.2 with the 50 basis point adder. As we said on the call, we've made filings to suggest that, that second complaint case should be dismissed for the reasons we discussed on the call and it's uncertain when the FERC even though they've got a quorum will rule on the second complaint case. So until that time that they do rule and until such time as they would tell us to change the ROE, we will continue to book to a 10.8%.

I would mention that for about a 15-month period after the second complaint case was filed, we did accrue a reserve of about $40 million for the potential that the ROE would be lowered to 10.2% and then we would need to refund that money. So we've got that reserve set up to the extent that the FERC would rule consistent with the ALJ, but as I mentioned, again it is uncertain what the FERC will do you actually at this point in time.

## Q - Unidentified Participant

Okay. Okay, fair enough. And then Marty can I just, if I heard you correctly, I apologize for listening to couple of the other things simultaneously. You said that there was 15 million of interest savings from the financing from this year 2017 which would flow through to next year, did I hear that correct?

## A - Marty Lyons {BIO 4938648 <GO>}

Well, we get a partial savings this year as it relates to that. And then we'll get the full benefit next year. So, year-over-year you wouldn't get the full uptick from the 15 million. But just highlighting that earlier this year, we did refinance some debt at Ameren Missouri that produced annual interest savings of 15 million. And then also mentioned that as we look in the next year there are a couple of other opportunities as we sit here today to incrementally do some rate improvement.

## Q - Unidentified Participant

And could I assume new issuance costs around 3.5 or something like that or something in that ballpark between 3 and 3.5, would that be fair based on current market conditions?

## A - Marty Lyons {BIO 4938648 <GO>}

That might be fair. Again, I decline to comment on specifically what we'll issue. We'll between now and then consider what the best tenure is for an Amaren Missouri offering given our debt ladders and other considerations and obviously price is based on the market conditions at that time.

## Q - Unidentified Participant

Okay. Okay, thank you so much.

## A - Warner Baxter {BIO 1858001 <GO>}

Thank you. Ashar.

## A - Marty Lyons {BIO 4938648 <GO>}

Thank you.

## Operator

Thank you. There are no further questions at this time, I would like to turn the call back over to Mr. Fischer for any closing remarks.

## A - Doug Fischer {BIO 16481971 <GO>}

Thank you. As we discussed today, we believe Ameren shares offer investors attractive total return potential based on our strong expected earnings growth outlook and solid dividend. I'd like to remind you that a replay of this call will be available for one year on our website. If you have questions, please call the contacts listed on our earnings release. Thank you for your interest in Ameren and have a great day.

## Operator

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