Q4 2023 Earnings Call

Company Participants

- Andrew Kirk, Director of Investor Relations and Corporate Modeling
- Martin J. Lyons Jr., Chairman, President and Chief Executive Officer
- Michael L. Moehn, Executive Vice President, Chief Financial Officer, Ameren Corporation, President, Ameren Services

Other Participants

- David Arcaro, Morgan Stanley
- Durgesh Chopra, Evercore ISI
- Jeremy Tonet, JPMorgan Chase & Co.
- Julien Dumoulin-Smith, Bank of America
- Nick Campanella, Barclays plc
- Shahriar Pourreza, Guggenheim Securities

Presentation

Operator

Greetings, and welcome to the Ameren Corporation's Fourth Quarter 2023 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, Andrew Kirk, Director of Investor Relations and Corporate Modeling for Ameren Corporation. Thank you, Mr.Kirk. You may begin.

Andrew Kirk {BIO 20578297 <GO>}

Thank you, and good morning. On the call with me today are Marty Lyons, our Chairman, President, and Chief Executive Officer; and Michael Moehn, our Senior Executive Vice President and Chief Financial Officer, as well as other members of the Ameren management team.

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. We have posted a presentation on the amereninvestors.com homepage that will be referenced by our speakers.

As noted on Page 2 of the presentation, comments made during this conference call may contain statements about future expectations, plans, projections, financial performance, and similar matters, which are commonly referred to as forward-looking statements.

Please refer to the forward-looking statements section in the news release we issued yesterday, as well as our SEC filings for more information about the various factors that could cause actual results to differ materially from those anticipated.

Now here's Marty who will start on Page 4.

Martin J. Lyons Jr. {BIO 1778815 <GO>}

Thanks, Andrew. Good morning, everyone, and thank you for joining us today. Beginning on Page 4, our strategic plan highlights our steadfast commitment to providing safe and reliable energy in a sustainable manner. We do this by investing in rate-regulated infrastructure, enhancing regulatory frameworks and advocating for responsible energy policies, while optimizing operating performance through ongoing continuous improvement in order to keep rates affordable.

Our strong 2023 operating and financial results, which we'll cover today, reflect execution on our key business objectives for the year, which will continue to create value for our customers, communities, shareholders, and the environment in the years ahead. I'd like to express appreciation for my Ameren coworkers' unwavering commitment to our strategy.

Turning to Page 5. This page summarizes our strong sustainability value proposition. Our operations and investments in 2023 made the energy grid safer, smarter, cleaner, more reliable and resilient, supporting thousands of jobs in our local communities in Missouri and Illinois and driving a positive impact on the economies of each state.

In the process, we helped hundreds of local, small and diverse businesses grow, and we gave back to numerous charitable organizations to help our neighbors in need. For example, last year, almost 60% of our total sourceable spend was with suppliers in our Missouri and Illinois communities, while 26% was with local, small and diverse suppliers, creating jobs and economic growth and contributing to thriving communities in the areas where we operate.

The positive impact of our investments was reinforced by our top quartile reliability performance in 2023, as measured by the frequency of outages. At the same time, our Ameren supplied residential customer rates on average were below the Midwest average. Today, we published our updated sustainability investor presentation called Leading the Way to a Sustainable Energy Future, available at amereninvestors.com. I encourage you to take some time to read more about our strong sustainability value proposition.

Turning to Page 6. When I reflect on the business objectives we laid out at the start of 2023, I am pleased to say that we made some great strides in each of our three strategic pillars. That said, we did not achieve the results expected in our Illinois gas and electric regulatory proceedings.

On Page 7, we lay out our key strategic accomplishments for 2023 in more detail. This past year, we invested $3.6 billion in infrastructure, spread strategically across our business segments in order to improve service for our customers. These investments are needed to reduce the frequency and duration of outages in the face of volatile weather events, such as this past summer, when we experienced the most impactful storms in the last 10 years.

Ameren Illinois' work in restoring power to nearly 200,000 customers in the wake of the June 29, 2023 derecho was recognized with an Emergency Response Award by the Edison Electric Institute at its recent winter membership meeting. And there's plenty more work to be done to address aging infrastructure and make the grid stronger and smarter, while supporting the clean energy transition, making it truly an exciting time to be in the utility industry.

Of course, every utility's ability to invest must be supported by constructive regulation, which brings me back to our regulatory developments in the fourth quarter. The state of Illinois has ambitious energy transition goals, goals which we continue to work collaboratively with stakeholders to support. Of course, achieving these goals will require significant sustained investment in the state's energy infrastructure in the coming decades.

In 2023, Ameren Illinois filed plans with the Illinois Commerce Commission, or ICC, to incorporate proposed investments in critical electric and natural gas infrastructure into prospective rates. Unfortunately, the ICC decisions in both the electric and natural gas rate reviews late last year were disappointing, reducing cash flows available for investment and delaying needed investments in energy infrastructure.

We will continue working with stakeholders on a path forward to approval of an electric grid investment plan, revised revenue requirements incorporating ongoing and prospective investments, and an improved overall regulatory environment.

We must work to build a stronger understanding that consistent, constructive regulatory environments are required to attract investment, support energy infrastructure development, economic expansion and jobs. Michael will cover the electric multiyear rate plan and the natural gas orders in more detail in a moment.

Moving to Ameren Missouri. In November, Ameren Missouri filed a petition with the Missouri PSC seeking approval to securitize the unrecovered investment in and costs associated with the planned fall 2024 retirement of our Rush Island Energy Center. The securitization is expected to result in significant savings for our customers when compared with cost recovery under traditional rate making. We, of course, recognize the importance of keeping our customers' bills as low as possible while investing to improve service, which leads me to the third pillar of our strategy, optimizing operating performance.

In 2023, our operations and maintenance expenses declined by 4% year-over-year. We automated and streamlined many of our finance, supply chain and customer service and workforce processes. And we continue to drive new efficiencies in our field work through deployment of smart meters, work management systems and distribution automation. Notably, our Missouri customer rates have only increased 1.8% compounded annually since the Smart Energy Plan legislation took effect in April 2017 with our Missouri residential customer rates consistently remaining 25% or more below the Midwest average.

For our shareholders, yesterday, we announced 2023 earnings of $4.38 per share compared to earnings of $4.14 per share in 2022. The result was above the midpoint of our original earnings per share guidance range of $4.35 per share. On a weather-normalized basis, 2023 earnings results represent a 10% increase year-over-year.

Turning to Page 8. Here, you can see we have delivered consistent, superior value to our shareholders for the past decade. Since 2013, our weather-normalized core earnings per share have risen at an approximate 7.8% compound annual growth rate, while our annual dividends paid per share have increased approximately 58% over the same time period.

This drove a strong total return of 173% for our shareholders from 2013 to 2023, which was significantly above our utility peer average. This track record of strong and consistent performance gives me conviction regarding our business strategy. And rest assured, we are not looking back, we are focused on the objectives ahead.

Moving to Page 9, we turn our focus to the current year. We expect 2024 to be another busy year and hit the ground running. Notably, we will maintain our focus on strategic infrastructure investment for the benefit of our customers while working hard to reduce operating costs and improve the regulatory environments in which we operate.

We expect to invest approximately $4.4 billion in electric, natural gas and transmission infrastructure to bolster safety, security, reliability, resiliency and further the clean energy transition in a responsible fashion. This represents an increase of 22% from the prior year.

Our plan includes approximately $1 billion of investment in new generation this year with new solar facilities expected to be in service by year-end. The investment plans are aligned with our regulatory outcomes and expectations associated with each of our business segments. We also have several opportunities to enhance our regulatory and legislative environments in the year ahead.

Next week, Ameren Illinois will file rehearing testimony requesting to update 2024 through 2027 rates for 2023 year-end rate base and a base level of grid reliability investments. Then, in March, Ameren Illinois will file its revised multiyear grid plan with the ICC to address the commission's findings stated in their December order. An updated rate plan will also be filed to incorporate revised investment plans.

Concurrently, we are evaluating all appropriate options to better align prospective regulatory outcomes with the goal of making progress on a reliable clean energy transition in an affordable fashion. We will work with all impacted stakeholders to advocating for constructive regulatory frameworks across our Illinois businesses, which will better support the state's energy transition goals.

At Ameren Missouri, we look to obtain approval to securitize the Rush Island Energy Center and advocate for Certificates of Convenience and Necessity, or CCNs, for future renewable and dispatchable generation, consistent with the Integrated Resource Plan filed in September. The plan calls for investment in new dispatchable energy resources, including an on-demand 800-megawatt gas simple-cycle energy center by 2027, which could be turned on as needed in a matter of minutes to ensure reliability of the energy grid during periods of peak energy demand.

In January, we filed a request for the air permit for this simple-cycle plant, Castle Bluff Energy Center, to be located on the site of our retired Meramec Energy Center. Utilizing this site will keep construction costs down, bring back jobs, and provide additional tax revenue for the surrounding region. We expect to file for CCN approval with the Missouri PSC later this year.

We will also continue to support the analysis and approval of potential MISO Tranche 2 transmission projects that will serve the needs of the Midwest region, improving the grid's ability to integrate renewable resources efficiently and effectively. Given the importance of dispatchable generation to reliability, we are advocating for improved Missouri regulatory treatment for generation investments, akin to the treatment afforded other investments in electric infrastructure in the state.

Further, on the legislative front, in both Missouri and Illinois, we are advocating for right-of-first refusal legislation to support the timely construction of transmission resources needed for system reliability and efficiency and to maximize customer benefits. Shifting our focus to operations. As we identify ways to continuously improve our business, we're focused on maintaining disciplined cost management to hold operations and maintenance expenses flat in 2024 to 2023 levels.

Moving now to Page 10. Yesterday afternoon, we announced that we expect our 2024 earnings to be in a range of $4.52 to $4.72 per share. Based on the midpoint of this range, this represents 6.2% earnings per share growth compared to the midpoint of our original 2023 guidance range of $4.35 per share. Mike will provide you with more details on our 2024 guidance a bit later. We expect to deliver 6% to 8% compound annual earnings per share growth from 2024 through 2028, using the midpoint of our 2024 guidance, $4.62 per share as the base.

At this time, we expect earnings growth to trend below the midpoint of our range until the outlook in Illinois improves or the impacts of other growth opportunities are realized. That being said, we continue to have an outstanding portfolio of investment opportunities across our business segments, totaling more than $55 billion over the next 10 years and a strong balance sheet, which provide us potential earnings growth levers that warrant maintaining a guidance range with up to 8% growth.

Our dividend is another important element of our strong total shareholder return proposition. Earlier this month, Ameren's Board of Directors approved a quarterly dividend increase of 6.3%, resulting in an annual dividend rate of $2.68 per share. This represents the 11th consecutive year that we have raised the dividend and reflects confidence by Ameren's Board of Directors in our business outlook and management's ability to execute our strategy.

Looking ahead, we expect Ameren's future dividend growth to be in line with our long-term earnings per share growth expectations and within a payout ratio range of 55% to 65%. We expect our weather-normalized dividend payout ratio in 2024 to be approximately 58%. Over the last decade, we have gradually lowered our payout ratio, which provides financial flexibility while executing our robust energy infrastructure investment plans.

Turning to Page 11. The strong long-term earnings growth I just discussed is primarily the result of rate-based growth driven by investment in energy infrastructure, made strategically under constructive regulatory frameworks. Today, we are rolling forward our five-year investment plan. And as you can see, we expect to grow our rate base in an 8.2% compound annual rate for 2023 through 2028. This plan represents an increase of $2.2 billion compared to the $19.7 billion five-year plan for 2023 through 2027 that we laid out last February.

The plan includes investment in renewables and simple cycle gas generation consistent with Ameren Missouri's integrated resource plan. And because of the ICC's orders late last year, our capital plan for Ameren Illinois investments have been reduced by approximately $400 million from 2024 through 2027 compared to our prior five-year plan. We expect that this level of investment, which we expect will provide safe and adequate service, as well as meet compliance requirements under the Climate and Equitable Jobs Act, will ultimately be approved by the ICC.

That said, we continue to believe that a higher level of investment, supported by a more constructive return on capital investment, would be in the best interest of our customers and communities, and we will continue our advocacy. Finally, we remain focused on keeping customer bills as low as possible and improving earned returns in all of our businesses.

Moving to Page 12. As we look to the future, our five-year plan is not only focused on delivering strong results through 2028, but it's also designed to position Ameren for success over the next decade and beyond. The right side of this page shows how our allocation of capital is expected to change over the next five years.

Incorporating generation investment opportunities from our latest IRP, we expect our 2028 rate base to reflect our diversified approach for maintaining reliability with renewable generation and dispatchable generation, representing 12% and 11% of rate base, respectively.

Notably, our coal-fired generation is expected to be just 3% of rate base by the end of 2028. The bottom line is that we are taking steps today across the board to position Ameren to provide safe, reliable, affordable, and cleaner energy for the long term.

Moving now to Page 13. Our investment plan released today incorporated our intentions to invest over time in significant renewable and dispatchable resources as laid out in our Ameren Missouri IRP. In 2023, we were pleased that Missouri PSC approved CCNs for the Huck Finn and Boomtown Solar Projects, and in doing so, indicated support for our responsible, gradual transition. And I'm happy to announce that we reached a stipulation in agreement regarding our next four solar projects, totaling 550 megawatts.

These projects will support our lease cost plan for meeting customers' energy needs, as we systematically invest to create a diverse mix of generation resources that preserves reliability as we retire our existing coal fleet over the next 20 years. While the Missouri PSC is under no deadline to issue an order on these four project CCNs, we expect a decision in March with these projects expected to go in service between 2024 and 2026. We expect to file additional CCNs consistent with the IRP later this year.

Moving to Slide 14. As we've discussed in the past, MISO completed a study, outlining the proposed roadmap of transmission projects through 2039. Detailed project planning, design work, and procurement for the Tranche 1 projects assigned or awarded to Ameren is underway and we expect construction to begin in 2026. During 2023, Ameren was awarded the first two competitive Tranche 1 projects, totaling approximately $100 million. Ameren submitted the third and final Tranche 1 competitive bid in October and expects the project to be awarded by June 2024.

When awarding the competitive projects to Ameren, MISO noted our sound route design, engineering and cost containment plan and innovative approach working with stakeholders as key factors in the winning bids. This is indicative of how we plan and develop all transmission projects.

We believe our collaborative, customer centric and community respectful approach to building and maintaining low cost projects is why we should be directly assigned these projects in the future in both Missouri and Illinois. MISO expects to approve a set of Tranche 2 long-range transmission projects in the first half of 2024, which will again address Midwest region needs.

Turning now to Page 15. Looking ahead, over the next decade, we have a robust pipeline of investment opportunities of over $55 billion that will deliver significant value to all of our stakeholders by making our energy grid stronger, smarter and cleaner. Of course, our investment opportunities will also create thousands of jobs for our local economies. Maintaining constructive energy policies that support robust investment in energy infrastructure in a transition to a cleaner future in a responsible fashion will be critical to meeting our country's energy needs and delivering on our customers' expectations.

Moving to Page 16. Discipline cost management and a focus on customer affordability is nothing new to us here at Ameren, and we expect 2024 to be another year of disciplined cost control and value realization from continuous improvement initiatives, which Mike will provide more details on in a few minutes. Through innovation and new efficiencies, we continue to target flat operations and maintenance expenses through 2028.

Moving to Page 17. To sum up our value proposition, we remain firmly convinced that the execution of our strategy in 2024 and beyond will continue to deliver superior value to our customers, shareholders and the environment. We believe our expectation of 6% to 8% compound annual earnings growth from 2024 through 2028, driven by strong rate-based growth and supported by a strong balance sheet, compares favorably with our regulated utility peers.

I'm confident in our ability to execute our strategy and investment plans across all four of our business segments, as we have an experienced and dedicated team with a track record of execution. Further, our shares continue to offer investors an attractive dividend, and we are positioned well for future dividend growth. Simply put, we believe this results in an attractive total return opportunity for shareholders.

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

Michael L. Moehn {BIO 5263599 <GO>}

Thanks, Marty, and good morning, everyone. Turning now to Page 19 of our presentation. Yesterday, we reported 2023 earnings of $4.38 per share compared to earnings of $4.14 per share in 2022, an increase of approximately 6%. This page summarizes key drivers impacting earnings at each segment, which are largely consistent with what we reported throughout 2023. As Marty noted, when normalized for temperature variations over the past two years, we estimate that our earnings grew 10%.

Moving to Page 20, I'll cover a few key developments from the fourth quarter. In November, Ameren Missouri filed for securitization of costs associated with the Rush Island Energy Center, as we approach the planned retirement date of October 15, 2024. If approved as requested, Ameren Missouri would be able to refinance and recover approximately $519 million, reflecting the remaining value of the plant and decommissioning costs. Missouri PSC order is expected in June 2024.

To mitigate the impact of the lost rate base associated with the Rush Island retirement, we expect our Huck Finn and Boomtown solar facilities, with an estimated total investment of approximately $650 million, to be placed in service near the end of this year.

Turning to Page 21. As Marty mentioned, late in 2023, the ICC issued orders in our Ameren Illinois Natural Gas and Electric rate reviews. In November, the ICC approved $112 million annual base rate increase for natural gas delivery service, which included $77 million that would have otherwise been recovered under riders. The order reflects a 2024 future test year, a 9.44% allowed return on equity, a 50% common equity layer, and a rate base of $2.85 billion.

New rates were effective in late November. We filed for rehearing of this order with the ICC and were denied. So on January 3rd, Ameren Illinois appealed the ICC decision to the Illinois 5th District Appellate Court, seeking that the ICC modify the return on equity and certain plant disallowances among other things. The court is under no deadline to address this appeal.

Turning to page 22. In December, the ICC issued an order in our Ameren Illinois electric multiyear rate and grid plan filings. In its order, the ICC established an alternative revenue requirement based on our 2022 rate base and is requiring us to refile and provide additional justification for our grid plan.

We're in the process of revising our grid plan and we'll file it by the March 13 deadline. We will also revise our multiyear rate plan to incorporate these grid plan revisions. In the meantime, the December order reflects a cumulative increase from 2024 through 2027 of $142 million in revenues. The order approved an allowed return on equity of approximately 8.72% and a 50% equity layer.

In January, Ameren Illinois filed for a rehearing of the December order with the ICC. On January 31, the ICC ordered a partial rehearing regarding certain operations and maintenance expenses, use of the 2022 rate base for establishing the revenue requirement for 2024 through 2027, and a base level of grid reliability investments. We expect a decision on these items subject to rehearing by the end of June with new interim rates expected to be effective at the discretion of the commission.

Following the ICC's response to our rehearing request, Ameren Illinois also filed an appeal to the Illinois 5th District Appellate Court on January 31st, to address the remaining items which were denied for rehearing, including the return on equity. The court is under no deadline to address this appeal. We remain focused on providing safe and adequate service for our Illinois customers.

Moving to Page 23. Our overall outlook remains bright as we have a robust pipeline of investment opportunities. Our Ameren Transmission and Missouri business segments continue to benefit from meaningful ongoing investments, reliable, constructive regulation. Here, we provide an overview of our $21.9 billion of planned capital expenditures for 2024 through 2028 by business segment, that supports our consolidated 8.2% compound annual rate-based growth expectations.

As you can see on the right side of this page, we're allocating capital consistent with the allowed return on equity under each regulatory framework. Our Ameren Missouri Smart Energy Plan filed today with the Missouri PSC provides more detail on how we strategically invest to replace aging infrastructure with more resilient, reliable equipment to serve our customers.

After five years of Smart Energy Plan investments, we are a full year ahead of our initially planned smart meter installation in the state. That said, at our current investment levels, we still have decades of investment needed to address aging distribution substations and overhead and underground lines. You can find additional details on the Smart Energy Plan and allocation of our 2024 planned capital investments on Page 32 and 33 in the appendix of this presentation.

Turning to Page 24, we have outlined here the expected funding sources for the infrastructure investments noted on the prior page. We expect continued growth in cash from operations as investments are reflected in customer rates. We also expect to generate significant tax deferrals, driven primarily by the time difference between financial statement, depreciation reflected in customer rates and the accelerated depreciation for tax purposes. As we sit here today, we do not expect the transferability of solar and wind tax credits to materially impact capital funding, nor do we expect the corporate minimum tax to apply during our five-year plan.

From a financing perspective, we expect to continue to issue long-term debt to fund a portion of our cash requirements. For us to maintain a strong balance sheet while we fund a robust infrastructure and investment plan, we have entered into forward sales agreements for $230 million of common stock issuances under our at-the-market equity distribution program to address most of our 2024 equity needs. We expect to sell these by the end of the year. The only additional equity we expect to issue in 2024 will be approximately $70 million for our dividend reinvestment and employee benefit plans.

Incremental equity issuance of approximately $600 million each year are planned for 2025 through 2028, a portion of which we expect to be issued through our DRIP and employee benefit plans. The $600 million per year is unchanged from our previous plan outlined last February. All these actions are expected to sustain our strong balance sheet and credit ratings.

Moving to Page 25 of our presentation. I would now like to discuss key drivers impacting our 2024 earnings guidance. We expect 2024 diluted earnings per share in the range of $4.52 per share to $4.72 per share. This accommodates a range of outcomes on our ongoing Illinois regulatory proceedings along with our typical business risk and opportunities, detailed by segment as compared to the 2023 results can be found on this page and the next.

Beginning with Ameren Missouri, earnings are expected to rise in 2024. Earnings are expected to be favorably impacted by the higher investments in infrastructure that are eligible for PISA and AFUDC treatment as well as new electric service rates effective July 2023. Earnings are also expected to benefit from higher weather-normalized kilowatt-hour sales to Missouri residential and commercial customers, which are expected to increase by 1% year-over-year in 2024, while sales to industrial customers are expected to increase by 4% year-over-year.

These projected increases are driven primarily by customer count growth and General Motors resuming full production levels after a work stoppage in the third quarter of 2023. We also expect to benefit from lower operations and maintenance expenses. And we expect the return to normal weather in 2024 will increase Ameren Missouri earnings by approximately $0.03 compared to 2023 results. These favorable factors are expected to be partially offset by higher interest expense primarily due to higher long-term debt balances.

Moving on, 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 formula ratemaking.

Turning to Page 26. For Ameren Illinois Electric Distribution, the year-over-year earnings comparison will be impacted by the lower allowed ROE approved by the ICC in the multiyear rate plan versus the 2023 allowed ROE, which was driven by the 30-year treasury rates plus 580 basis points.

The allowed ROE is applied to year-end rate based, which includes 2023 rate base and 2024 planned capital additions. For Ameren Illinois Natural Gas, earnings will benefit from higher delivery service rates, effective November 2023, incorporating additional infrastructure investments, partially offset by a lower allowed ROE and common equity ratio. Earnings will also benefit from lower operations and maintenance expenses.

Moving now to Ameren wide drivers and assumptions. We expect increased weighted average common shares outstanding to unfavorably impact earnings per share. We expect higher interest rates expense in Ameren Parent, due to increased debt balances. At the end of 2023, we returned all 8outstanding Commercial Paper balances at Ameren Parent through two debt offerings. The first issued in November was $600 million and 5.7% senior unsecured notes due in 2026. And the second in December was $700 million of 5% senior unsecured notes due in 2029.

Of course, in 2024, we'll seek to manage all of our businesses to earn as close to our allowed returns as possible. With that in mind, and to support our expectation for lower operations and maintenance expenses in our Ameren Missouri and Illinois Natural Gas businesses, we've instituted several cost saving initiatives in 2024, including a hiring freeze, reducing our contractor and consultant workforce and deferring or eliminating discretionary spend.

We'll be strategic about workforce management, continued investment in digital efficiency to allow us to sustain these cost reductions. Before moving on, I'd like to touch on the expected sales growth for our service territory. While we're conservative in our modeling, we are optimistic about the opportunity for strong economic development in the years ahead.

In the last three years, our economic development teams have helped to bring 65 new projects to our communities in Missouri and over 125 projects in Illinois, bringing with an estimated total of over 14,000 jobs. These projects are generally expected to be completed in the next couple of years.

With that in mind, we expect weather-normalized kilowatt-hour sales to be in the range of flat to up approximately 0.5%, compounded annually over a five-year plan, excluding the effects of our MEEIA energy efficiency plans, using 2023 as the base year. We exclude MEEIA effects because the plan provides rate recovery to ensure that earnings are not affected by reduced electric sales, resulting from our energy efficiency efforts.

Turning to Illinois, we expect our weather-normalized kilowatt-hour sales to be relatively flat to down 0.5% over our five-year plan, driven primarily by increases in energy efficiency and solar adoption. Recall that changes in Illinois electric sales, no matter the cause, do not affect earnings since we have full revenue decoupling.

Finally, moving to Page 27, I'll emphasize again that we have a strong team and a long track record of execution. We delivered strong earnings growth in 2023 and expect to continue to deliver 6% to 8% compound earnings per share growth over the next five years, driven by robust rate-based growth and disciplined cost management. We believe this growth will compare favorably with the growth of our peers. Further, Ameren shares continue to offer investors an attractive dividend. In total, we have an attractive total shareholder return story.

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

Questions And Answers

Operator

(Question And Answer)

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

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Hey, guys. Good morning.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Good morning, Shar.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Good morning. Marty, obviously you've throttled back Illinois electric spend here pretty significantly versus the prior plan, which I think is completely expected just coming off those ICC orders. Can you just speak a little bit more to what you've actually embedded in that 2.3% five-year CAGR as it relates to the grid plan? I guess put differently, could we see that tick higher later this year once the plan is approved or is the embedded base case there still subject to some upside and downside scenarios. Thanks.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. I'll let Michael comment on that further, but I would say, Shar, you're right. We -- what we've done here is we baked in what we believe to be a prudent level of capital expenditures, given the overall outcomes that we had in Illinois. As we said in our prepared remarks, we do believe that, this is an appropriate amount to continue to provide a safe and adequate service to our customers and meet the requirements of CEJA. And that's, what's been baked in.

I just repeat what I said on earlier, which is that, we do believe a higher amount of investment over time as originally proposed last year is prudent and appropriate for our customers to provide the kind of service that they expect to really further the state's energy goals and policy goals.

But again, what we've modeled in here is what we do believe would be a level that would be expected to be approved by the commission over time through the rehearing process as well as through our upcoming grid plan filing and rate plan. So again, we do expect that this level of investment is something that will ultimately be reflected in those outcomes. But with that, in terms of further clarity on the CapEx, Michael, any comments?

A - Michael L. Moehn {BIO 5263599 <GO>}

Yes. Maybe just a couple of finer points. Good morning, Shar. I think Marty said it well. I mean, as we think about the capital plan that we've allocated there, again, Marty is correct. I mean, we're absolutely focused on providing safe and reliable service.

I think we're being conservative in how we think about this. There's this 105% revenue requirement cap that we need to stay underneath. And as you know and I think there was some discussion about this, the commission's order, pointed to '22 rate base. I think it was really more of a function of, because that was really the only year-end rate base to point to.

I mean, we definitely have the ability to, I think, recover our '23 expenditures at really under another formula rate. As they do that and they update and we're seeking some of this clarification, that obviously would give you more headroom under that 105% revenue cap. I think we took a conservative approach saying, let's make sure whatever we spend in '24, we stay under pointing back to the '22. So my point is you have a lot more flexibility going forward.

I think to Marty's point, we'll have to step back and then decide, given the 8.72%, how do you feel about allocating more capital there? But as we continue to see improvement here, there's obviously would be those opportunities.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Got it. Perfect. And Marty, just -- thanks, Michael. Marty, just on Tranche 1, is it versus Tranche 2, is it still your expectation Tranche 2 will exceed Tranche 1? And then just on Tranche 2 estimates, are they embedded in that $55 billion pipeline number? And could any of the awards fall within this kind of five-year cycle you've got out there? Thanks, guys.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. Good questions, Shar. So with respect to Tranche 2, we do expect it -- continue to expect it to be considerably larger than the Tranche 1 investments. And MISO as we said in our prepared remarks, is still saying that they expect to have those approved by the middle of this year. We'll see how that comes to fruition. But we do expect that in the first half, we'll at a minimum, start to get some clarity on what some of those projects might look like. But again, Shar, to your point, significantly larger.

Now, with respect to our plans that we've laid out, within the five-year plan, nothing is baked in for Tranche 2 investments. However, in the $55 billion, we do have some amount in there for potential Tranche 2 investments. So within the $55 billion, yes, certainly, we do have some. Thanks for the questions.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Yes. No, appreciate it. Thank you guys so much. Fantastic. I'll see you soon.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

All right. Thanks, Shar.

Operator

Our next question comes from the line of Nicholas Campanella with Barclays. Please proceed with your question.

Q - Nick Campanella {BIO 20250003 <GO>}

Hey, thanks for taking my question today. Happy Friday.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. Thank you.

Q - Nick Campanella {BIO 20250003 <GO>}

I guess, yes, appreciate the guidance update and just, the comment that you're, kind of, below the midpoint of the 6% to 8% range. Can you just kind of expand on, what we should be watching for that kind of gets you back to that midpoint?

And I just -- I'm taking into account the comments around, it seems that some of this transmission spending has been reflected in the plan, correct me if I'm wrong, and then you're also just kind of assuming CapEx for the Illinois distribution segment as proposed is approved as well. Just what should we be looking for to get you back into that midpoint? Thanks.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. Nick, maybe we'll take that in two part. I'll actually turn it over to Michael first to maybe provide a little more clarity on our thinking around the growth and then, I'll provide some color on some of the upsides in our plan.

A - Michael L. Moehn {BIO 5263599 <GO>}

Yes. Good morning, Nick. Just to put a little finer point on the midpoint, I think, as Marty said in his comments, expect to be a little below that midpoint.

And if you think about historically where we have been, just sort of the highest level, I mean, if you go back to, February of last year, we had 8.4% rate based growth. And over that period of time, we were issuing roughly about 2% worth of dilution, say, over the five-year plan. So it got you down to, call it 6.4%, 6.5%, something like that.

And then we've done a nice job of continuing to close the allowed versus earned gaps, et cetera, continuous improvement. There's been a number of opportunities being really thoughtful about, allocating capital to the places that are giving us the highest return. And you can see it, obviously, historically, we were trending above that 7% midpoint.

And we kind of think about where we are today, we got this 8.2% rate based growth, really kind of the same dilution math. So with all things we need we'll kind of put you at that 6.2%. And then there's obviously still improvement opportunities as we continue to look forward.

And I think as we think about a midpoint, it's someplace between that 6.5% to 7% today. So let's call it 6.7% just to put a little finer point on. So 6.7% versus sort of 7%, where I think we kind of pointed people historically. And again, we've had opportunities to do better than that.

And Marty will talk about where I think, the future still lies for us. You think about the $55 billion, the capital projects that we have there. There's opportunities to continue to be thoughtful about the transmission that we just talked about a second ago. And so those are the things that will provide us those opportunities. So hopefully that gives you a little more clarity on the math. And I'll let Marty talk a little larger picture.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. I think Michael started to touch on a little bit, in terms of the upsides, as I said in the prepared remarks, we certainly see good justification for keeping that 6% up to 8% growth. And really what it reflects is that strong pipeline of investments that we have. We start there, $55 billion of potential investments over the next 10 years.

We have baked into the five-year plan, the Tranche 1 investments that we've been assigned to us, so that we won, but we also have competitive proposal out there right now for another Tranche 1 project, which hasn't been baked in and that provides us some upside. We've talked about just a second ago, some of the Tranche 2 projects. We've got further investments to be made with respect to Missouri as it relates to the IRP. We've got some of those certainly baked in today.

As I mentioned, we had a very strong balance sheet and opportunities, as Michael just said, to continue to close the gap between our allowed and earned returns, which provides upside. And then of course, as we look ahead in Illinois, a couple of things. I mean, first, the current multi-year grid plan and rate plan ends in 2027. And so as we look out even to 2028, there's opportunities to think about that differently and what our approach will be in 2028.

And then I go back to maybe the most important thing, which is in the interim, to really work to improve the Illinois situation and perhaps provide an opportunity for greater investment in Illinois. So there, as we said in the call, we're going to continue and engage in a dialogue with all stakeholders about the benefits of investment, risks of disinvestment, and our goal of really aligning our investments with the policy goals of the state around reliability, affordability, the clean energy transition.

And of course, we all know that our investments drive, not only improvements in critical energy infrastructure, but jobs and economic expansion. So look, we've got to just continue to show financial discipline in the short term, but in the longer term, make sure we create this dialogue that, having consistent constructive regulation, having strong investment infrastructure in the state is going to benefit our customers, their communities, the economy, the state, and continue to work to make Illinois a place that attracts greater investment.

Q - Nick Campanella {BIO 20250003 <GO>}

All right. Thank you very much for that. And then I guess just on the O&M, I think in your prepared remarks or even on slides here, 4% versus last year, and then you're doing more O&M, just looking through the EPS slides, you have positives for Missouri and Illinois.

So just, is 4% of the magnitude of decrease that we should expect to continue through '24? Can you maybe give us any type of way to frame that? And then how are you kind of thinking about just recapture of that or timing of the next rate cases in Missouri, if you can maybe expand?

A - Michael L. Moehn {BIO 5263599 <GO>}

Hey, yes, good morning again, Nick. This is Michael. Let me take this and Marty can certainly add in. Yes. And we've talked about this obviously over time. I mean, customer affordability is not something that is new to us. I think we've been really focused as a company on it for a number of years, and really up and down the P&L.

And we've talked about this. We, I think, do a great job of kind of going in and continuing to benchmark ourselves all over the different areas of our business. And some are really good, some have opportunities and continue to close the gap in those opportunities. And I think, Marty pointed to the 4%. Obviously people are very focused on it. And we've talked about flat O&M over the five-year period is a good way to think about it. But the bottom line is there are a number of levers that we're able to pull here.

I think as we think about '24 specifically, I mean, I mentioned in my opening remarks, yes, I think we're taking just another view here. We're looking at headcount. I talked about the headcount. Hiring freeze at the moment, being very thoughtful about just contingent workforce, consultant dollars, any sort of discretionary spend, I think all the right things to do just in this elevated rate environment anyway for customers, and so that's really the focus there.

But we're also being very thoughtful and strategic about, as you mentioned, just rate reviews, et cetera, and being thoughtful about investments on the digital side, too, just to make sure we make these costs sustainable. That's really what we want to do.

I think we've talked about, we've had an increased investment in the digital platform over the last several years after we got PISA passed, and it's allowed us to replace our work management systems, our back office accounting systems, we continue to put a great deal of distribution automation, et cetera, on the system, and all of these things are productivity improvements over time, which just give us a lot of confidence this is a lever that we can continue to pull. So Marty, anything to add there?

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

No, nothing to add there. Thanks for the question.

Q - Nick Campanella {BIO 20250003 <GO>}

All right. And I'm sorry, just to follow-up on that. Are you planning to file a Missouri rate case in the next year, or is that more than a year out?

A - Michael L. Moehn {BIO 5263599 <GO>}

Yes. That's not something we've decided yet. And look, if you look back over time, it's been every 18 to 24 months we've filed a case, but haven't stated when we're going to plan to file the next one. So we'll be thoughtful about that. I mean, look, we always try to go as long as we can between rate cases, and we'll continue to take that approach, but be thoughtful about when major capital additions go in and the like to think about the timing of our cases.

Q - Nick Campanella {BIO 20250003 <GO>}

All right. Thanks for taking my questions. Have a good day.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

You bet. Thanks.

Operator

. Our next question comes from the line of Jeremy Tonet with JPMorgan. Please proceed with your question.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Hi. Good morning.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Hello, Jeremy.

A - Michael L. Moehn {BIO 5263599 <GO>}

Good morning.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Thanks for all the detail today, and just wanted to kind of follow-up on some of the points that you've talked about before, and just regarding your capital reallocation. How should we be thinking about Missouri bill impact over time from the higher CapEx? Just any thoughts there.

And then also as we think about deploying that capital, the timing for receiving approvals and permits for the additional transmission investments, broadly speaking on that side, if you could provide some more color there would be helpful.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. A lot there Jeremy. I think number one in terms of, bill impacts, we're going to work through time as we have to keep the bill impacts as manageable as possible. I think, we had a pretty good track record in Missouri since we got more constructive regulation legislation back in 2018, and it really, kept the growth in bills really below the level of inflation.

And so we're going to look to continue to, as Michael stated a minute ago, pretty comprehensively take a lot of actions across the board to really manage our operating costs, and really, to the extent that we have rate increase requests, really make those about the capital additions that are going in, that are producing greater reliability, for our customers, et cetera, where they're seeing the benefits.

So we're going to continue to work to keep our belt tight and, as I said, overall, look to keep our operating costs, flat over the next several years, and as Michael said, create as many productivity improvements as we can. So that's our goal.

Now, with respect to these projects, I would say, when you look at, our capital expenditure plans over the next five years for Missouri, I would say a need, they really relate it on the left side of the graph on Page 23 to, things that were included in our integrated resource plan.

So there -- the integrated resource plan had called for 2,800 megawatts of renewables by 2030. This is a piece of that as we move ahead with renewables, over half of what we've got there in that capital spend of $3.3 billion is related to two CCNs that have already been approved, and then there's four CCNs that are pending right now, and we expect to be able to file a stipulated settlement on those in the near term, and so those are proceeding well.

And then with respect to the dispatchable generation, part of this is the simple cycle gas plant that we plan to put in service over the next five years, and then part of this is continuing to invest in the dispatchable energy resources that we have in the state. But we will -- as we said on our call, we've begun to do work around this 800-megawatt simple-cycle gas plant, and we will consider when to file a CCN for that. So those are some timelines in terms of some of the investments we've got. Michael, any color to add?

A - Michael L. Moehn {BIO 5263599 <GO>}

Yes. Marty, you did a great job there. Jeremy, I think the only thing that I'd probably add there is, if you think about the $13 billion, that we're allocating to Missouri, about 25% of its renewables. And, obviously an important factor is just the PTC, ITC that's being given off with respect to those projects. So you think about the impact for customers ultimately, I mean, there is a really big benefit there.

And so it's just something to keep in mind, I agree with everything else Marty said. I mean, we continue to be focused to all the comments I made before. It's not something new that we're doing here, you can -- sometimes you can get a little lumpy impact in Missouri just because of the timing and the rate reviews. But the team really is focused on trying to keep these bills as low as possible.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. That's very helpful. Thank you for that. And maybe just shifting towards Illinois and from where you sit, just wondering your perspective, and what you see happening with regards to potential legislative or legal responses to the Illinois orders there, in the state house? How your conversations with stakeholders been trending here? And just any color you could share would be helpful.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. I think, look, the first order of business we look at is, as I said before, to really try to work constructively with stakeholders and right now I'd say our primary focus is, is a couple of things, it's number one, making the rehearing filing, which is, we plan to make next Thursday.

So there, the opportunity to have rehearing around incorporation of 2023 rate base, as well as baseline, capital investments that we plan to make over the next five years and have those included in a rehearing, and then as we've said before, we follow that up with our grid plan, update and filing in mid-March.

There, again, we get feedback from the commission, obviously on deficiencies that, they saw within the initial filing, we're looking to address those. We're looking to work constructively with stakeholders, whether it's the staff or other parties, to make our filing as strong as we can, to address the commission's identified deficiencies and position ourselves for success in getting, again, both a good outcome in the rehearing, as well as getting that grid plan approved and ultimately incorporated into a revised rate plan. So I think those are where really our focuses are in the short term.

Like I said, in the longer term, we'd like to see a more constructive environment for investment, and that's going to take a really engagement with all stakeholders. And I think, what we found is a receptivity among stakeholders to have the conversation, to listen, and we'll figure out over time what the best path forward is to achieving the result we want, which is, a more constructive environment for investment, which, again, we believe is ultimately in the best interest of customers, communities, and in the achievement of the state's policy goals.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. Understood. Thank you for that.

Operator

Our next question comes from the line of David Arcaro with Morgan Stanley. Please proceed with your question.

Q - David Arcaro {BIO 20757284 <GO>}

Hey, thanks. Good morning.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Good morning, David.

Q - David Arcaro {BIO 20757284 <GO>}

I just wanted to -- in terms of whether normal load growth, just wondering how conservative --

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Hey, David, we're having a really hard time hearing you. Could you speak up a little, David?

Q - David Arcaro {BIO 20757284 <GO>}

Hey, how is that? Sorry about that.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

That's much better. Thank you.

A - Michael L. Moehn {BIO 5263599 <GO>}

Yes. Perfect.

Q - David Arcaro {BIO 20757284 <GO>}

Good. No, just in terms of whether normal load growth, I was wondering how conservative the outlook is that you're presenting here. Is there any possibility for acceleration either from any manufacturing activity or data center activity that you're seeing or otherwise?

A - Michael L. Moehn {BIO 5263599 <GO>}

Yes. Let me start off and certainly Marty can add as well. And I think, yes, I tried to provide a little bit color in the opening remarks. Look, I think we do a good conservative job of kind of thinking about the load growth, but there are some really positive things happening in our service territory.

Just, economically it's very strong, GDP growth is strong here, and really talking about the kind of the greater Missouri area unemployment running below the national average. We've had, if you think about even just '24 more specifically I mean we got the GM coming back on, they've added some additional load. There's a couple of data imaging companies that are using just a tremendous amount of energy about 20 megawatts and these things really begin to add up.

And there's just a number of longer term I think opportunities as we think about data centers and other things from an information technology standpoint that could provide some economic growth. I think we do a good job of not really baking that in at this point. We talked about toward flat to up a 0.5%, but I'm optimistic that, hopefully that is -- ends up -- turning out differently. So Marty?

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. I would just say that, look, we have a broad service territory and we're deeply involved in -- throughout Illinois and Missouri in economic development activities, and our teams support economic development expansion across both service territories. I would say this, though, in the greater St. Louis region, both in the Illinois side and the Missouri side, I'm more excited than I've been in years with respect to.

I would say, the collaborative approach to really going after economic development efforts and really thinking about, how we drive inclusive economic growth, economic development, and compete for projects, and I've never seen the community as unified and speaking with one voice and going after these things. So we're seeing some wins, some wins that'll produce, I think, economic expansion two and three years out, some positive announcements, as Michael said.

But I hope we are being conservative with respect to our growth projections. That said, as we see growth, we often see also continued efforts on energy efficiency, both the energy efficiency we promote, but also just kind of energy efficiency in general. And so try to be realistic about our growth expectations net of those efforts.

Q - David Arcaro {BIO 20757284 <GO>}

Okay. Got it. Yes. Thanks. That's helpful. And then was just curious, what level of FFO to debt you're seeing over the plan, wondering to the extent you realize some of the CapEx upside opportunities, how that could impact the equity needs going forward?

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. Perfect, David. And so again, we haven't really given targets in the past. I mean, I think what we've talked about is, look, we like our ratings where they are, Baa1, BBB+, that downgrade threshold S&P is 13, 17 at Moody's, we've trended obviously closer to that 17. And again, as I outlined in my opening remarks, I mean, we feel good about our balance sheet.

I think we come into this from a position of strength as I look out over the five years, the equity needs that I outlined certainly support, I believe actually maintaining that Baa1. And so maintaining something over that 17% over that five-year period.

And so -- and again, I try to be clear on what we did from an equity standpoint, for 2024, we're assuming $300 million of equity. We've done about $230 million under our ATM program today. Really the remaining balance that we need to do is related to our DRIP 401(k) and then for all the other years it's really consistent with where we had been before, so basically its $600 million, and again I think supports those credit ratings that I just spoke about.

Q - David Arcaro {BIO 20757284 <GO>}

Got it. Okay. Great. Thanks for the color.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Thanks, David.

Operator

Our next question comes from the line of Durgesh Chopra with Evercore. Please proceed with your question.

Q - Durgesh Chopra {BIO 20053859 <GO>}

Hey, guys. Thanks for giving me time, I know it's close to the hour. Just, Michael, on the point about equity maybe you could just expand on this, so the CapEx plan is up, the five-year CapEx plan is up close to 10%, a little over 10%, but the equity is kind of the same. Are you kind of modeling now lesser cushion versus the downgrade thresholds or are there other cash flow improvements that you might be missing?

A - Michael L. Moehn {BIO 5263599 <GO>}

Yes. I don't know if there's other cash flow improvements. I mean, again I think we -- we've always been conservative as we think about the balance sheet. And so again, I feel good about what I just said, David, in terms of how we're thinking about the FFO to debt over time and being above that downgrade threshold at 17%. We continue to obviously work with the rating agencies. We'll be in talking to them again in the spring.

And so I guess I don't have any reason to feel concerned about it at this point. And again, I think it was -- it's the right thing to do. And we added the capital and still feel good about the levels that we're at, given the equity that we're issuing.

Q - Durgesh Chopra {BIO 20053859 <GO>}

Got it. And then maybe just a couple of clarifying questions and this will be quick, hopefully. But in the current five-year CapEx plan, the four solar projects that you have settlement for in Missouri, those are included in the plan, confirm that for us. And then the upside would be, the Missouri IRP results and then any transmission project awards from the MISO planning, am I thinking about it correctly?

A - Michael L. Moehn {BIO 5263599 <GO>}

Well, I think, first of all, yes. The projects that -- we've already had CCNs for -- as well as those subject to the stipulation, are included in the five-year CapEx that's shown on Slide 23. And, in fact, some additional CapEx, as well, for renewable projects that we anticipate to come into service by the end of 2028. And then the second part of your question was?

Q - Durgesh Chopra {BIO 20053859 <GO>}

It was just the traffic --

A - Michael L. Moehn {BIO 5263599 <GO>}

Transmission? Well, upside. Yes, no, I would think there, what we're saying is, with respect to transmission, we've got the Tranche 1 projects that have been assigned to us, or awarded, or included in there. But what we have not included in there is any upside for a potential additional win of a transmission project that we've proposed on.

Q - Durgesh Chopra {BIO 20053859 <GO>}

Got it. Thank you. Thank you so much. I appreciate the time.

A - Michael L. Moehn {BIO 5263599 <GO>}

You bet. Thanks.

Operator

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

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

Hey, good morning, team. Thank you guys very much for the time. I appreciate it, squeezing me in here. Look, maybe just to kick off quickly here, just on the balance sheet, obviously you're bringing down equity slightly over the comparable period from last plan, upticking CapEx fairly meaningfully here.

I just wanted to clarify, just where are you relative to the required metrics? Can you elaborate a little bit through the cadence of the plan, how you're thinking about the FFO to debt, or just where you're starting and ending, if you will? And then I've got to follow-up real quickly.

A - Michael L. Moehn {BIO 5263599 <GO>}

Yes. Good morning, Julien. It's Michael. As I said, we have the downgrade threshold in Moody's is 17, and we historically haven't talked about exactly what we're targeting. But again, over this five-year plan, there is cushion over that 17%.

Again, I feel good about it, and we have been, I think, done a great job of sort of telegraphing what our equity needs, being very disciplined about going out and issuing that equity. I think we come into this kind of super CapEx environment with a very-very healthy balance sheet. As you know, we're not trying to get up to some level, right, where we've been at these levels, and I see us staying at that level over the five-year plan.

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

Got it. So every year, kind of, over that 17% threshold, give or take.

A - Michael L. Moehn {BIO 5263599 <GO>}

Over the five-year --

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

And the rating agencies --

A - Michael L. Moehn {BIO 5263599 <GO>}

Yes. Over 17%. And again, look, as we have frequent conversations, then we'll go in again and have another conversation with them, so.

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

Wonderful. And just to clarify just on the Missouri CapEx, I mean, obviously, that's a nice uptick there, and obviously, you haven't necessarily decided when you're finally cased. But how do you think about just the clarity that you have on that spend, right, when you think about having visibility tied to specific projects that are likely to be approved or what have you.

I just want to understand the level of confidence that there is in this CapEx in Missouri. Obviously, you're putting a lot more in there. I just want to understand what are the key parameters, what are the key inputs that you're thinking about in saying, look, we've got confidence on the totality of this, right? What pieces aren't necessarily approved, perhaps?

A - Michael L. Moehn {BIO 5263599 <GO>}

Well, look, I think one of the things you could look at, Julien, is every year at this time we make a filing in Missouri where we're very transparent and lay out what our planned capital expenditures are, how we're justifying those, thinking about those, where they plan to go, and so you'll see that actually today coming from Ameren Missouri. It happens every year at the same time, and then it's subject to public discussion about the plans and where they're going.

I would say this, I mean as you look at Missouri, it's really -- as I said earlier, it's really to align our investment with the things that were in our IRP last fall. So we do plan to invest in an 800-megawatt simple cycle plant. We do plan to continue to invest in our dispatchable resources, which is both our coal-fired energy centers to get them through to their retirement, making sure that they're reliable and efficient, making sure that we continue to invest in our nuclear facilities. So we've got a lot of dispatchable resources there.

And then as it relates to the IRP, also we had planned investments in renewables in some over this five-year period and in battery storage as well. And so those were included in the plan. As I mentioned earlier, with respect to renewables, and we got a positive order out of the commission on a couple of CCNs last year. We've got four that are pending right now that we believe will be filing a stipulated settlement here in the short term, and we would look to commission approval, but those would be subject to commission approval.

And then with the other planned investments in renewables, again, in accordance with that IRP. And then with respect to the remainder of the spend, it really has to do with continued investment in our distribution infrastructure. I think our customers are seeing a lot of benefits today, as I mentioned in our prepared remarks, especially when we have severe weather events, we're seeing the infrastructure investments that we are making, which are, stronger, thicker, taller poles, smart automation, you know distribution automation, our system, new substations, we're really seeing the benefit of that in terms of reduced frequency of outage.

I mentioned earlier, hit top quartile in terms of, safety measures or frequency of outages here. So seeing a lot of benefits from that. But you know we've only really been at that since 2018. And there's a tremendous amount of investment still to be made, really decades of investment still to be made in terms of, not only replacing aging infrastructure but really modernizing that infrastructure to make sure that, the kind of benefits that we're seeing in terms of reduced frequency and duration of outages are spread, across our service territory in Missouri.

So again, all of that is subject to further planning and et cetera. But I think, again, I'd point you to today's filing in Missouri, which really lays out all the specifics in terms of the plans we had to invest in the justification. With that, I'll stop.

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

All right. Great. Thank you guys. I'll keep it there. All the best.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Thanks, Julien.

Operator

Thank you. Mr.Lyons, I would now like to turn the floor back over to you for closing comments.

A - Martin J. Lyons Jr. {BIO 1778815 <GO>}

Yes. Well, thank you. And I want to thank everybody for their participation today, their questions. We thank you for your investment, and your confidence in our Ameren team.

We're going to work to build on the best we have of delivering reliable, safe, and affordable energy for our customers and communities across both Missouri and Illinois. So look, everybody, be safe, and we look forward to seeing many of you at conferences over the next few weeks. Bye-bye.

Operator

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