Q1 2019 Earnings Call

Company Participants

- Andrew Kirk, Director of Investor Relations
- Martin J. Lyons, Executive Vice President and Chief Financial Officer
- Michael L. Moehn, Chairman and President of Ameren Missouri
- Richard J. Mark, Chairman and President - Ameren Illinois
- Warner L. Baxter, Chairman, President and Chief Executive Officer

Other Participants

- Ashar Khan, Analyst, Verition
- Insoo Kim, Analyst, Goldman Sachs
- Nick Campanella, Analyst, Bank of America
- Paul Patterson, Analyst, Glenrock Associates
- Unidentified Participant

Presentation

Operator

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

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

Andrew Kirk {BIO 20578297 <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 earnings results and guidance as well as provide a business update. Then we will open the call for questions. Before we begin, let me cover a few administrative details. This call contains time-sensitive data that's accurate only as of the date of today's call and redistribution of this broadcast is prohibited.

To assist with our call this morning, we have posted a presentation on the amereninvestors.com homepage that we will be referenced during this presentation. As noted on Page 2 of the presentation, comments made during this conference call may contain statements that are commonly referred to as Forward-Looking Statements. Such statements include those about future expectations, beliefs, plans, strategies, objectives, events, conditions and financial performance. We caution you that various factors could cause actual results to differ materially from those anticipated. For additional information concerning these factors, please read the Forward-Looking Statement 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 our per share earnings amounts discussed today during today's presentation including earnings guidance are presented on a diluted basis unless otherwise noted.

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

Warner L. Baxter {BIO 1858001 <GO>}

Thanks, Andrew. Good morning, everyone and thank you for joining us. Earlier today we announced first quarter 2019 earnings $0.78 per share, compared to $0.62 per share earned in 2018. Year-over-year increase of $0.16 per share reflected the benefits of increased infrastructure investments that will drive significant long term benefits for our customers. Key drivers of first quarter results are described in this slide.

Ameren Illinois Natural Gas earnings increased as a result of higher delivery service rates, incorporating increased infrastructure investments, and a change in rate design. Increased infrastructure investments also drove higher earnings in Ameren transmission and Ameren Illinois Electric Distribution feature which benefits from formulaic ratemaking. Ameren Missouri earnings also rose reflecting higher weather-driven electric retail sales and energy efficiency performance incentives that offset the impact of timing differences in 2018 related to federal tax reform. Marty will discuss these and other factors driving the quarterly results in more detail in a moment. I'm also pleased to report that we continue to effectively execute our strategic plan remain on track to deliver within our 2019 earnings guidance range of $3.15 per share to $3.35 per share.

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

Moving now to Page 6 for an update on our wind generation investment plans to achieve compliance with Missouri's renewable energy standard and continue to transition our generation portfolio. Ameren Missouri has reached agreements with two developers to acquire after construction of the 557 megawatts of wind generation represented about 80% of our compliance needs under the Missouri renewable energy standard.

In early March, the Missouri PSC approved our Certificate of Convenience and Necessity requests for the proposed 157 megawatt facility to be located in Northwest Missouri. Now, 557 megawatts of wind generation have been approved by the Missouri PSC. Additional key milestones for each wind facility or to finalize MISO interconnection costs and obtained transmission interconnection agreements. These two wind generation facilities collectively represent an approximate $1 billion investment and are expected to be in service by the end of 2020. Of course, we're not done. Our team continues to actively negotiate with developers for additional wind generation to comply with the Missouri's Renewable Energy Standard.

Any additional investments in wind generation will be incremental to the five year capital and rate-base growth plan discussed on our call in February. We remain confident in our ability to complete these negotiations, obtain

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

Moving out of page seven and an update on Illinois business activities. Today, there was legislation pending in both the House of Representatives and the Senate of the Illinois General Assembly that would extend the Illinois Energy Infrastructure Modernization Act beyond the December 2022, sunset date, and continue performance metrics and energy assistance programs to low income consumers. Since 2012, this constructive electric regulatory framework included in this legislation has supported significant investment to modernize the energy grid.

Ameren Illinois has installed hundreds of miles of storm-resistent utility poles and power lines, along with advanced technology that detects service disruptions and immediately reroutes power. In addition, more than 1

million smart meters are providing customers with enhanced energy usage data and access to programs to help them save on their energy bills. These investments have contributed to a 20% overall improvement and reliability since 2012. In addition, our investments in infrastructure enabled by this constructive energy policy have created approximately 1400 new jobs in Illinois. Finally, we've been able to make all of these investments create jobs while keeping customer rates well below the Midwest and national averages.

We expect that all-in 2020 residential electric rates for customers taking delivery and energy supply from Ameren Illinois, will be lower by approximately 1% since electric formula ratemaking began in 2012 even after incorporating substantial infrastructure investments made for the benefit of customers and the communities we serve. With these benefits in mind, I'm pleased to report that House Bill 3152, which would extend the formula rate framework for 10 years from 2022 to 2032 test the public utilities committee in mid-April. This Bill is now pending before the full House of Representatives. House Bill 2018 awaits action by the full Senate. If any of these bills is enacted, that will help to ensure that Illinois continues to be one of the leading states for grid modernization.

Policymakers have already extended formula rates twice since 2012, and we are focused on working with key stakeholders to get this important legislation passed this year. In addition, there are several other legislative proposals that we are monitoring. As you would expect, we are carefully analyzing these proposals and engaging with key stakeholders with an eye towards ensuring that any changes to state energy policy are in the best long-term interest of Ameren Illinois customers. The legislative session ends on May 31.

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

Now before I turn the call over to Marty. I would like to mention two recent and important additions to our disclosures on environmental, social and governance matters. First, in March, we published a report called Building a Cleaner Energy Future. This report outlines how we are effectively managing and balancing climate-related risks. And just last week, we issued our Annual Corporate Social Responsibility Report both reports are available amereninvestors.com. I would also like to call your attention two slides in the appendix of our presentation today dedicated to environmental, social and governance matters.

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

Martin J. Lyons {BIO 4938648 <GO>}

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

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

Finally Ameren Parent and other results increased $0.06, reflecting a lower effective tax rate, primarily due to tax benefits associated with share-based compensation and timing of income tax expense. This income tax expense item is not expected to impact full year results. Before moving on, let me briefly cover electric sales trends for Ameren Missouri and Ameren Illinois Electric Distribution for the first three months of this year compared to the first three months of last year.

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

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

In addition, we expect the first quarter timing differences related to income tax expense in Ameren Missouri and Ameren Parent to cause quarterly variations for the balance of the year. However, they are not expected to impact the full year earnings comparison. Moving now to Page 12, for a discussion of select regulatory matters. Last Friday Ameren Missouri provided a 60-day notice to the Missouri Public Service Commission of its intention to file for an electric rate review, which we plan to file as early as July. Some of the key drivers of this rate review include increased infrastructure investments and other costs of service and it will incorporate lower coal and transportation expenses into base rates. Base rates were last reset April 1, 2017 and are required to be reset at least every four years to allow for continued use of the fuel adjustment clause. This filing will allow us to meet that requirement and provide flexibility to time our next rate review to include our wind generation investments.

We will provide additional information when we file and won't go into any further details today. Our goal remains to invest in energy infrastructure to improve customer service and satisfaction while keeping rates affordable and keeping earned returns close to the allowed returns in all of our jurisdictions.

Moving to Ameren Illinois Electric Distribution regulatory matters. Last month we made our required annual electric distribution rate update filing requesting a $7 million base rate decrease. Under Illinois' formula ratemaking, Ameren Illinois is required to file annual rate updates to systematically adjust cash flows over time for changes in cost to service and to true-up any prior period over or under recovery of such costs. The ICC will review the matter in the months ahead, with a decision expected in December of this year and new rates effective early next year.

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

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

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

Questions And Answers

Operator

At this time, we will be conducting a question-and-answer session. (Operator Instructions) Our first question comes from line of Julien Dumoulin-Smith from Bank of America. Please proceed with your question.

A - Warner L. Baxter {BIO 1858001 <GO>}

Good morning, Julien.

Q - Nick Campanella {BIO 20250003 <GO>}

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

A - Warner L. Baxter {BIO 1858001 <GO>}

Hey Nick, how are you doing?

Q - Nick Campanella {BIO 20250003 <GO>}

Hey good hope you guys are doing well too.

A - Warner L. Baxter {BIO 1858001 <GO>}

Doing well. Thank you.

Q - Nick Campanella {BIO 20250003 <GO>}

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

A - Martin J. Lyons {BIO 4938648 <GO>}

Yes, sure. Nick, this is Marty and thanks for the question. So as we said on the call, we do plan to file for an electric rate case as early as July. Recall that we've beenr saying for a while that we expected to file between May 1st of this year, 2019 and May 1st of 2020. We really have to file before May 1st of 2020 in order to keep the fuel adjustment clause and of course rate case when you think about it Missouri typically takes 11 months and only allows for rate base true-ups to date about six months post-filing.

So those are some considerations or constraints when you think about the timing of these cases and you think about the wind assets being completed in late 2020. So in any event, as we said in the call, the file in July it allows us to do a couple of things updates rates for infrastructure investments and other cost of service that have changed over the past few years and incorporate these lower coal and transportation costs into base rates. And then number two, it provides us flexibility around the timing of that next rate review to include the wind. Couple of things to note related to your question. I mean, our last rate update was in April of 2017 it was based on a 3/31/16 test year with the true up to 12/31/16. So it has been a few years. And of course the PISA that we began to use late in 2018 again didn't apply to any rate base infrastructure investments made before that date. So those types of things would be picked up in this base rate increase.

With regard to your sort of prospective question on the wind assets. I mean you're right, the PISA and RESRAM will allow investors to make sure that their whole in terms of the return on the wind, but as you might recall, both the cash and the recognition of a full equity return will not be recognized until after a subsequent rate review. So including those wind assets in a rate review will be important in that regard.

Q - Nick Campanella {BIO 20250003 <GO>}

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

A - Martin J. Lyons {BIO 4938648 <GO>}

Yeah. Nick, thanks again for that question. So look at bottom line answer to your question is no, we still feel like the financing plans, we talked about on the second quarter call are appropriate you recall that as it relates to equity that includes issuing equity through our dividend reinvestment employee benefit plans over the course of the next five years it's about 100 million per year. And then also incremental common equity issuance to fund a portion of our ultimate total wind investment. And so those are the plans that we have, and we're going to stick with those. I appreciate your question about the Moody's action though, it's just one consideration amongst the number when we think about financing our business going forward.

We are pleased with the action Moody's took. For those on the call -- recall that our Ameren Corp. issuer rating at S&P is a BBB plus with a stable outlook there, we have an FFO to debt threshold of 13%. At Moody's we have a Baa1 issuer rating with -- also with a stable outlook. And there's where, as Nick points out, Moody's lowered the threshold on the cash flows from operations pre-working capital to total debt. They lowered that threshold from 19% to 17%. So we are pleased the Moody's took that action, we believe it brings us that threshold closer in line with our peers and certainly it does provide us some more flexibility with regard to financing within that range.

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

Q - Nick Campanella {BIO 20250003 <GO>}

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

A - Martin J. Lyons {BIO 4938648 <GO>}

Thanks, Nick. Have a good day.

Operator

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

Q - Insoo Kim {BIO 19660313 <GO>}

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

A - Warner L. Baxter {BIO 1858001 <GO>}

Good morning, Insoo. How are you doing? Appreciate the question. This is Warner. No, no the bottom line is no. As we said before, we are focused on obtaining at least 700 megawatts of additional wind generation. As I said on the call a moment ago, we continue to negotiate with developers for that additional wind generation. And we remain confident in our ability not only to negotiate successfully with those developers, but also to move through the regulatory approval process and get the facilities constructed in a timely fashion.

So while we like to point to 700 megawatts I mean, we're very pleased with the fact that as we sit here today. We have 557 megawatts not only negotiated but approved by the Missouri Public Service Commission. So Michael Moehn and his team have worked effectively with stakeholders to get those deals across the finish line from an approval perspective. So we look forward to bringing more to the Missouri Public Service Commission in the future. Keeping in mind as you I'm sure, understand, that trying to find projects that fit just nicely into 700 megawatts that just is not likely just because products so come in sort of bite sizes and so. As we look forward -- we'll look forward to the next deal to get done in a timely fashion and get it across the finish line.

Q - Insoo Kim {BIO 19660313 <GO>}

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

A - Martin J. Lyons {BIO 4938648 <GO>}

Yeah, this is Marty again, look, I mean we'd like to have as much time as possible between rate case filings, as I mentioned, it's this next one, we plan to file this next rate review in July, would represent three years between the last one and this one and is somewhat being driven by the infrastructure investments made prior to PISA, but also driven by, as I mentioned earlier, the expected timing of our wind investments and the timing of the next rate case.

So, I wouldn't read anything into that other than what we've laid out in terms of future cycles or periods of time between cases. Again we said many times that the fuel adjustment clause does require us to file for rate reviews at least every four years. So I would say four years or less, but we'd like to make the period as great as possible, frankly.

Q - Insoo Kim {BIO 19660313 <GO>}

Understood. Thank you very much.

Operator

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

A - Warner L. Baxter {BIO 1858001 <GO>}

Good morning, Paul.

Q - Paul Patterson {BIO 1821718 <GO>}

Just on Illinois. As you know, there's a legislation -- there's lot of legislative activity, I guess, going on there [00:27:55] utilities and non-utilities or budgetary related kind of issues. And I'm just wondering sort of how you see the politics sort of working there, procedurally? And whether or not the EIMA extension bill might get wrapped in with others? Or just sort of how you see all that stuff sort of unfolding? And sort of just in general the -- I know you guys don't own generation in Illinois, but just how you look at the capacity procurement legislation vis-a-vis potential -- just how it might influence you or just your thoughts on that, if you'd like to opine on that?

A - Warner L. Baxter {BIO 1858001 <GO>}

Sure, Paul. This is Warner, and I invite Richard Mark to add anything after I offer some of these comments. Look, I'm talking about the EIMA provision -- or the modernization act that we've been talking about that I referred to in my talking points, but we certainly can't predict what happens here over the next several weeks. But the only thing we can say about that legislation is that it has produced significant benefits for all stakeholders, our customers, the state of Illinois and certainly our shareholders and I've outlined those benefits in terms of reliability, affordability, job creation and really driving a more modernized grid in Illinois. So as a result, when we think about what might happen here over the next several weeks. The fact that, that legislation or that policy has been so strong and has been extended twice, that puts us in a good position. We believe for legislators to take notice that this is something that we want to continue. And so, I think this is why you saw the strong votes in the committee, and Rich and his team, done a great job with many other stakeholders to position two bills, one in the house, one in the Senate to move forward.

So we can't predict right now where they stand. They stand with nothing else on them. And certainly, we will -- hopefully, that will -- the way that will continue here over the next several weeks. As you said before, you're right, there are several legislative proposals in Illinois that relate to what I would call energy policy. And look, I think, our vested interest in all of those bills is what the impact could be on our customers. And so we're at the table working with stakeholders to make sure that our customers best interest are being looked out for. Now I'm not going to comment on any particular piece of legislation at this point. Yes, there is certainly legislation out there related to the capacity markets related principally to Exelon, but it's just -- it's too uncertain to see just exactly where they may or may not go here over the next several weeks and/or in a veto session. So, Richard, I highlighted at a very high level. Is there anything else that you would like to add?

A - Richard J. Mark {BIO 4447427 <GO>}

Thanks, Warner. I thought you covered it really good, but I would just add that as you said the policymakers have seen this legislation twice. Many of them have voted on extending it twice. They've seen the job creation that formula rates have brought to the state of Illinois and the value of it. So they're familiar with it and I think that's a benefit as they look at it going forward.

A - Warner L. Baxter {BIO 1858001 <GO>}

I agree. Thank you.

Q - Paul Patterson {BIO 1821718 <GO>}

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

A - Warner L. Baxter {BIO 1858001 <GO>}

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

Q - Paul Patterson {BIO 1821718 <GO>}

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

A - Martin J. Lyons {BIO 4938648 <GO>}

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

Q - Paul Patterson {BIO 1821718 <GO>}

Okay. Great. Thanks so much, guys.

A - Martin J. Lyons {BIO 4938648 <GO>}

Thanks, Paul.

Operator

Our next question comes from the line of Greg Rice from Sun Tanis [ph]. Please proceed with your question.

Q - Unidentified Participant

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

A - Martin J. Lyons {BIO 4938648 <GO>}

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

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

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

Q - Unidentified Participant

Gotcha. Perfect. And then just any update on kind of how negotiations are going on the incremental wind?

A - Warner L. Baxter {BIO 1858001 <GO>}

So, Michael, I noted -- this is Warner, I noted a little bit before that we're negotiating with developers. And any particular insights you want to offer at this point in time?

A - Martin J. Lyons {BIO 4938648 <GO>}

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

A - Warner L. Baxter {BIO 1858001 <GO>}

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

Q - Unidentified Participant

Perfect. Thank you.

A - Warner L. Baxter {BIO 1858001 <GO>}

Thank you.

Operator

(Operator Instructions) Our next question comes from the line of Ashar Khan from Verition. Please proceed with your question.

A - Warner L. Baxter {BIO 1858001 <GO>}

Good morning, Mr. Ashar.

Q - Ashar Khan {BIO 19979997 <GO>}

Hi. How are you doing, Warner? Good earnings.

A - Warner L. Baxter {BIO 1858001 <GO>}

Thank you.

Q - Ashar Khan {BIO 19979997 <GO>}

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

A - Martin J. Lyons {BIO 4938648 <GO>}

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

Q - Ashar Khan {BIO 19979997 <GO>}

Okay. Okay. Thank you. Thank you so much.

A - Warner L. Baxter {BIO 1858001 <GO>}

Thank you, Ashar.

A - Martin J. Lyons {BIO 4938648 <GO>}

Thank you, Ashar.

Operator

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

A - Andrew Kirk {BIO 20578297 <GO>}

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

Operator

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