

AMEREN CORP
 Form 10-Q
 August 04, 2017
 UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549
 FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period
 Ended June 30, 2017
 OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period
 from to

Commission File Number	Exact name of registrant as specified in its charter; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-14756	Ameren Corporation (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-1723446
1-2967	Union Electric Company (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-0559760
1-3672	Ameren Illinois Company (Illinois Corporation) 6 Executive Drive Collinsville, Illinois 62234 (618) 343-8150	37-0211380

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Ameren Corporation Yes No
 Union Electric Company Yes No
 Ameren Illinois Company Yes No

Indicate by check mark whether each registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Edgar Filing: AMEREN CORP - Form 10-Q

Ameren Corporation Yes No

Union Electric Company Yes No

Ameren Illinois Company Yes No

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Ameren Corporation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Union Electric Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ameren Illinois Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Ameren Corporation

Union Electric Company

Ameren Illinois Company

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Ameren Corporation Yes No

Union Electric Company Yes No

Ameren Illinois Company Yes No

The number of shares outstanding of each registrant’s classes of common stock as of July 31, 2017, was as follows:

Ameren Corporation Common stock, \$0.01 par value per share – 242,634,798

Union Electric Company Common stock, \$5 par value per share, held by Ameren Corporation – 102,123,834

Ameren Illinois Company Common stock, no par value, held by Ameren Corporation – 25,452,373

This combined Form 10-Q is separately filed by Ameren Corporation, Union Electric Company, and Ameren Illinois Company. Each registrant hereto is filing on its own behalf all of the information contained in this quarterly report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

TABLE OF CONTENTS

	Page
<u>Glossary of Terms and Abbreviations</u>	<u>1</u>
<u>Forward-looking Statements</u>	<u>1</u>
<u>PART I Financial Information</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	<u>3</u>
<u>Ameren Corporation</u>	<u>3</u>
<u>Consolidated Statement of Income</u>	<u>3</u>
<u>Consolidated Statement of Comprehensive Income</u>	<u>4</u>
<u>Consolidated Balance Sheet</u>	<u>5</u>
<u>Consolidated Statement of Cash Flows</u>	<u>6</u>
<u>Union Electric Company (d/b/a Ameren Missouri)</u>	<u>7</u>
<u>Statement of Income and Comprehensive Income</u>	<u>7</u>
<u>Balance Sheet</u>	<u>8</u>
<u>Statement of Cash Flows</u>	<u>9</u>
<u>Ameren Illinois Company (d/b/a Ameren Illinois)</u>	<u>10</u>
<u>Statement of Income and Comprehensive Income</u>	<u>10</u>
<u>Balance Sheet</u>	<u>11</u>
<u>Statement of Cash Flows</u>	<u>12</u>
<u>Note 1. Summary of Significant Accounting Policies</u>	<u>13</u>
<u>Note 2. Rate and Regulatory Matters</u>	<u>15</u>
<u>Note 3. Short-term Debt and Liquidity</u>	<u>17</u>
<u>Note 4. Long-term Debt and Equity Financings</u>	<u>18</u>
<u>Note 5. Other Income and Expenses</u>	<u>19</u>
<u>Note 6. Derivative Financial Instruments</u>	<u>20</u>
<u>Note 7. Fair Value Measurements</u>	<u>22</u>
<u>Note 8. Related Party Transactions</u>	<u>27</u>
<u>Note 9. Commitments and Contingencies</u>	<u>28</u>
<u>Note 10. Callaway Energy Center</u>	<u>31</u>
<u>Note 11. Retirement Benefits</u>	<u>32</u>
<u>Note 12. Segment Information</u>	<u>33</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>36</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>57</u>
Item 4. <u>Controls and Procedures</u>	<u>58</u>
<u>PART II Other Information</u>	
Item 1. <u>Legal Proceedings</u>	<u>58</u>
Item 1A. <u>Risk Factors</u>	<u>59</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>59</u>
Item 6. <u>Exhibits</u>	<u>60</u>
<u>Signatures</u>	<u>61</u>

GLOSSARY OF TERMS AND ABBREVIATIONS

We use the words “our,” “we” or “us” with respect to certain information that relates to Ameren, Ameren Missouri, and Ameren Illinois, collectively. When appropriate, subsidiaries of Ameren Corporation are named specifically as their various business activities are discussed. Refer to the Form 10-K for a complete listing of glossary terms and abbreviations. Only new or significantly changed terms and abbreviations are included below.

EMANI – European Mutual Association for Nuclear Insurance.

Form 10-K – The combined Annual Report on Form 10-K for the year ended December 31, 2016, filed by the Ameren Companies with the SEC.

Westinghouse – Westinghouse Electric Company, LLC.

FORWARD-LOOKING STATEMENTS

Statements in this report not based on historical facts are considered “forward-looking” and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors in the Form 10-K and elsewhere in this report and in our other filings with the SEC, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- regulatory, judicial, or legislative actions, including any changes in regulatory policies and ratemaking determinations, such as those that may result from the complaint case filed in February 2015 with the FERC seeking a reduction in the allowed base return on common equity under the MISO tariff, Ameren Illinois’ April 2017 annual electric distribution formula rate update filing, and future regulatory, judicial, or legislative actions that change regulatory recovery mechanisms;

- the effect of Ameren Illinois participating in a performance-based formula ratemaking process under the IEIMA, including the direct relationship between Ameren Illinois’ return on common equity and 30-year United States Treasury bond yields, and the related financial commitments;

- the effects of changes in federal, state, or local laws and other governmental actions, including monetary, fiscal, and energy policies;

- the effects of changes in federal, state, or local tax laws, regulations, interpretations, such as the increase in Illinois’ corporate income tax rate that became effective in July 2017, or rates and any challenges to the tax positions taken by the Ameren Companies;

- the effects on demand for our services resulting from technological advances, including advances in customer energy efficiency and private generation sources, which generate electricity at the site of consumption and are becoming more cost-competitive;

- the effectiveness of Ameren Missouri’s customer energy efficiency programs and the related revenues and performance incentives earned under its MEEIA plans;

- Ameren Illinois’ achievement of FEJA electric energy efficiency goals and the resulting impact on its allowed return on program investments;

- our ability to align overall spending, both operating and capital, with frameworks established by our regulators in our attempt to earn our allowed return on equity;

- the timing of increasing capital expenditure and operating expense requirements and our ability to recover these costs in a timely manner;

- the cost and availability of fuel, such as ultra-low-sulfur coal, natural gas, and enriched uranium used to produce electricity; the cost and availability of purchased power, zero-emission credits, renewable energy credits, and natural gas for distribution; and the level and volatility of future market prices for such commodities, including our ability to recover the costs for such commodities and our customers’ tolerance for the related rate increases;

disruptions in the delivery of fuel, failure of our fuel suppliers to provide adequate quantities or quality of fuel, or lack of adequate inventories of fuel, including nuclear fuel assemblies from Westinghouse, Callaway's only NRC-licensed supplier of such assemblies, which is currently in bankruptcy proceedings;

the effectiveness of our risk management strategies and our use of financial and derivative instruments;

the ability to obtain sufficient insurance, including insurance for Ameren Missouri's Callaway energy center, or in the absence of insurance, the ability to recover uninsured losses from our customers;

business and economic conditions, including their impact on interest rates, collection of our receivable balances, and demand for our products;

disruptions of the capital markets, deterioration in credit metrics of the Ameren Companies, or other events that may have an adverse effect on the cost or availability of capital, including short-term credit and liquidity;

the actions of credit rating agencies and the effects of such actions;

the impact of adopting new accounting guidance and the application of appropriate accounting rules and guidance;

the impact of weather conditions on Ameren Missouri and other natural phenomena on us and our customers, including the impact of system outages;

the construction, installation, performance, and cost recovery of generation, transmission, and distribution assets;

the effects of breakdowns or failures of equipment in the operation of natural gas transmission and distribution systems and storage facilities, such as leaks, explosions, and mechanical problems, and compliance with natural gas safety regulations;

the effects of our increasing investment in electric transmission projects, our ability to obtain all of the necessary approvals to complete the projects, and the uncertainty as to whether we will achieve our expected returns in a timely manner;

operation of Ameren Missouri's Callaway energy center, including planned and unplanned outages, and decommissioning costs;

the effects of strategic initiatives, including mergers, acquisitions, and divestitures;

the impact of current environmental regulations and new, more stringent, or changing requirements, including those related to CO₂, other emissions and discharges, cooling water intake structures, CCR, and energy efficiency, that are enacted over time and that could limit or terminate the operation of certain of Ameren Missouri's energy centers, increase our costs or investment requirements, result in an impairment of our assets, cause us to sell our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;

the impact of complying with renewable energy portfolio requirements in Missouri;

- labor disputes, work force reductions, future wage and employee benefits costs, including changes in discount rates, mortality tables, and returns on benefit plan assets;

the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments;

the cost and availability of transmission capacity for the energy generated by Ameren Missouri's energy centers or required to satisfy Ameren Missouri's energy sales;

legal and administrative proceedings;

the impact of cyber attacks, which could result in the loss of operational control of energy centers and electric and natural gas transmission and distribution systems and/or the loss of data, such as customer data and account information; and

acts of sabotage, war, terrorism, or other intentionally disruptive acts.

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

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating Revenues:				
Electric	\$1,383	\$1,274	\$2,589	\$2,376
Natural gas	155	153	463	485
Total operating revenues	1,538	1,427	3,052	2,861
Operating Expenses:				
Fuel	189	166	395	369
Purchased power	149	135	329	273
Natural gas purchased for resale	41	41	171	193
Other operations and maintenance	422	435	827	835
Depreciation and amortization	222	210	443	417
Taxes other than income taxes	117	115	235	229
Total operating expenses	1,140	1,102	2,400	2,316
Operating Income	398	325	652	545
Other Income and Expenses:				
Miscellaneous income	14	16	29	36
Miscellaneous expense	5	6	14	13
Total other income	9	10	15	23
Interest Charges	99	95	198	190
Income Before Income Taxes	308	240	469	378
Income Taxes	114	92	171	123
Net Income	194	148	298	255
Less: Net Income Attributable to Noncontrolling Interests	1	1	3	3
Net Income Attributable to Ameren Common Shareholders	\$193	\$147	\$295	\$252
Earnings per Common Share – Basic and Diluted	\$0.79	\$0.61	\$1.21	\$1.04
Dividends per Common Share	\$0.44	\$0.425	\$0.88	\$0.85
Average Common Shares Outstanding – Basic	242.6	242.6	242.6	242.6

The accompanying notes are an integral part of these consolidated financial statements.

AMEREN CORPORATION
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 (Unaudited) (In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net Income	\$194	\$148	\$298	\$255
Other Comprehensive Income, Net of Taxes				
Pension and other postretirement benefit plan activity, net of income taxes of \$1, \$3, \$1 and \$4, respectively	2	4	2	2
Comprehensive Income	196	152	300	257
Less: Comprehensive Income Attributable to Noncontrolling Interests	1	1	3	3
Comprehensive Income Attributable to Ameren Common Shareholders	\$195	\$151	\$297	\$254

The accompanying notes are an integral part of these consolidated financial statements.

AMEREN CORPORATION
CONSOLIDATED BALANCE SHEET
(Unaudited) (In millions, except per share amounts)

	June 30, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 10	\$ 9
Accounts receivable – trade (less allowance for doubtful accounts of \$21 and \$19, respectively)	446	437
Unbilled revenue	334	295
Miscellaneous accounts receivable	77	63
Inventories	512	527
Current regulatory assets	95	149
Other current assets	97	113
Total current assets	1,571	1,593
Property, Plant, and Equipment, Net	20,589	20,113
Investments and Other Assets:		
Nuclear decommissioning trust fund	651	607
Goodwill	411	411
Regulatory assets	1,506	1,437
Other assets	526	538
Total investments and other assets	3,094	2,993
TOTAL ASSETS	\$25,254	\$ 24,699
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$578	\$681
Short-term debt	892	558
Accounts and wages payable	522	805
Taxes accrued	122	46
Interest accrued	104	93
Customer deposits	108	107
Current regulatory liabilities	141	110
Other current liabilities	298	274
Total current liabilities	2,765	2,674
Long-term Debt, Net	6,821	6,595
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	4,444	4,264
Accumulated deferred investment tax credits	52	55
Regulatory liabilities	2,003	1,985
Asset retirement obligations	634	635
Pension and other postretirement benefits	758	769
Other deferred credits and liabilities	477	477
Total deferred credits and other liabilities	8,368	8,185
Commitments and Contingencies (Notes 2, 4, 9, and 10)		
Ameren Corporation Shareholders' Equity:		
Common stock, \$.01 par value, 400.0 shares authorized – 242.6 shares outstanding	2	2
Other paid-in capital, principally premium on common stock	5,528	5,556
Retained earnings	1,649	1,568
Accumulated other comprehensive loss	(21	) (23

Edgar Filing: AMEREN CORP - Form 10-Q

Total Ameren Corporation shareholders' equity	7,158	7,103
Noncontrolling Interests	142	142
Total equity	7,300	7,245
TOTAL LIABILITIES AND EQUITY	\$25,254	\$24,699

The accompanying notes are an integral part of these consolidated financial statements.

5

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six Months Ended June 30,	
	2017	2016
Cash Flows From		
Operating Activities:		
Net income	\$ 298	\$ 255
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	433	419
Amortization of nuclear fuel	48	38
Amortization of debt issuance costs and premium/discounts	11	11
Deferred income taxes and investment tax credits, net	175	134
Allowance for equity funds used during construction	(10)	(13)
Share-based compensation costs	8	12
Other	(5)	(7)
Changes in assets and liabilities:		
Receivables	(54)	(111)
Inventories	14	23
Accounts and wages payable	(183)	(200)
Taxes accrued	83	80
Regulatory assets and liabilities	(4)	108
Assets, other	22	24
Liabilities, other	21	(14)
Pension and other postretirement benefits	6	4
Net cash provided by operating activities	863	763
Cash Flows From Investing Activities:		
Capital expenditures	(998)	(1,000)
Nuclear fuel expenditures	(50)	(24)
Purchases of securities – nuclear decommissioning trust fund	(213)	(201)
	204	192

Edgar Filing: AMEREN CORP - Form 10-Q

Sales and maturities of securities – nuclear decommissioning trust fund				
Other	(2	)	(2)
Net cash used in investing activities	(1,059	)	(1,035)
Cash Flows From Financing Activities:				
Dividends on common stock	(214	)	(206)
Dividends paid to noncontrolling interest holders	(3	)	(3)
Short-term debt, net	334		477	
Maturities of long-term debt	(425	)	(389)
Issuances of long-term debt	549		149	
Share-based payments	(39	)	(32)
Capital issuance costs	(4	)	(1)
Other	(1	)	(2)
Net cash provided by (used in) financing activities	197		(7)
Net change in cash and cash equivalents	1		(279)
Cash and cash equivalents at beginning of year	9		292	
Cash and cash equivalents at end of period	\$	10	\$	13

The accompanying notes are an integral part of these consolidated financial statements.

UNION ELECTRIC COMPANY (d/b/a AMEREN MISSOURI)
 STATEMENT OF INCOME AND COMPREHENSIVE INCOME
 (Unaudited) (In millions)

	Three		Six Months	
	Months		Ended June	Ended June 30,
	Ended June	30,	30,	30,
	2017	2016	2017	2016
Operating Revenues:				
Electric	\$913	\$844	\$1,659	\$1,538
Natural gas	22	23	66	70
Total operating revenues	935	867	1,725	1,608
Operating Expenses:				
Fuel	189	166	395	369
Purchased power	68	50	159	92
Natural gas purchased for resale	5	6	25	27
Other operations and maintenance	219	238	431	450
Depreciation and amortization	132	127	265	254
Taxes other than income taxes	85	83	160	156
Total operating expenses	698	670	1,435	1,348
Operating Income	237	197	290	260
Other Income and Expenses:				
Miscellaneous income	11	9	23	24
Miscellaneous expense	2	2	4	4
Total other income	9	7	19	20
Interest Charges	53	53	107	105
Income Before Income Taxes	193	151	202	175
Income Taxes	72	58	75	67
Net Income	121	93	127	108
Other Comprehensive Income	—	—	—	—
Comprehensive Income	\$121	\$93	\$127	\$108

Net Income	\$121	\$93	\$127	\$108
Preferred Stock Dividends	1	1	2	2
Net Income Available to Common Shareholder	\$120	\$92	\$125	\$106

The accompanying notes as they relate to Ameren Missouri are an integral part of these financial statements.

UNION ELECTRIC COMPANY (d/b/a AMEREN MISSOURI)

BALANCE SHEET

(Unaudited) (In millions, except per share amounts)

	June 30, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ —	\$ —
Advances to money pool	—	161
Accounts receivable – trade (less allowance for doubtful accounts of \$8 and \$7, respectively)	212	187
Accounts receivable – affiliates	15	12
Unbilled revenue	230	154
Miscellaneous accounts receivable	34	14
Inventories	399	392
Current regulatory assets	17	35
Other current assets	43	49
Total current assets	950	1,004
Property, Plant, and Equipment, Net	11,497	11,478
Investments and Other Assets:		
Nuclear decommissioning trust fund	651	607
Regulatory assets	590	619
Other assets	317	327
Total investments and other assets	1,558	1,553
TOTAL ASSETS	\$14,005	\$ 14,035
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 185	\$ 431
Short-term debt	60	—
Accounts and wages payable	208	444
Accounts payable – affiliates	122	68
Taxes accrued	113	30
Interest accrued	67	54
Current regulatory liabilities	29	12
Other current liabilities	130	123
Total current liabilities	914	1,162
Long-term Debt, Net	3,781	3,563
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	3,030	3,013
Accumulated deferred investment tax credits	50	53
Regulatory liabilities	1,255	1,215
Asset retirement obligations	629	629
Pension and other postretirement benefits	287	291
Other deferred credits and liabilities	16	19
Total deferred credits and other liabilities	5,267	5,220
Commitments and Contingencies (Notes 2, 8, 9, and 10)		
Shareholders' Equity:		
Common stock, \$5 par value, 150.0 shares authorized – 102.1 shares outstanding	511	511
Other paid-in capital, principally premium on common stock	1,828	1,828
Preferred stock	80	80

Edgar Filing: AMEREN CORP - Form 10-Q

Retained earnings	1,624	1,671
Total shareholders' equity	4,043	4,090
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$14,005	\$ 14,035

The accompanying notes as they relate to Ameren Missouri are an integral part of these financial statements.

8

UNION ELECTRIC COMPANY (d/b/a AMEREN MISSOURI)
 STATEMENT OF CASH FLOWS
 (Unaudited) (In millions)

	Six Months Ended June 30,	
	2017	2016
Cash Flows From		
Operating Activities:		
Net income	\$ 127	\$ 108
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	255	257
Amortization of nuclear fuel	48	38
Amortization of debt issuance costs and premium/discounts	3	3
Deferred income taxes and investment tax credits, net	13	66
Allowance for equity funds used during construction	(9)	(10)
Other	3	—
Changes in assets and liabilities:		
Receivables	(124)	(103)
Inventories	(7)	(9)
Accounts and wages payable	(169)	(174)
Taxes accrued	153	80
Regulatory assets and liabilities	57	55
Assets, other	19	14
Liabilities, other	24	37
Pension and other postretirement benefits	3	2
Net cash provided by operating activities	396	364
Cash Flows From Investing Activities:		
Capital expenditures	(355)	(353)
Nuclear fuel expenditures	(50)	(24)
Purchases of securities – nuclear decommissioning trust fund	(213)	(201)
Sales and maturities of securities – nuclear decommissioning trust fund	204	192

Edgar Filing: AMEREN CORP - Form 10-Q

Money pool advances, net	161		36	
Other	—		(4)
Net cash used in investing activities	(253	)	(354)
Cash Flows From Financing Activities:				
Dividends on common stock	(172	)	(210)
Dividends on preferred stock	(2	)	(2)
Short-term debt, net	60		77	
Maturities of long-term debt	(425	)	(260)
Issuances of long-term debt	399		149	
Capital contribution from parent	—		38	
Capital issuance costs	(3	)	(1)
Net cash used in financing activities	(143	)	(209)
Net change in cash and cash equivalents	—		(199)
Cash and cash equivalents at beginning of year	—		199	
Cash and cash equivalents at end of period	\$	—	\$	—

The accompanying notes as they relate to Ameren Missouri are an integral part of these financial statements.

AMEREN ILLINOIS COMPANY (d/b/a AMEREN ILLINOIS)
 STATEMENT OF INCOME AND COMPREHENSIVE INCOME
 (Unaudited) (In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating Revenues:				
Electric	\$441	\$411	\$880	\$803
Natural gas	134	131	398	416
Other	1	—	1	—
Total operating revenues	576	542	1,279	1,219
Operating Expenses:				
Purchased power	87	90	188	194
Natural gas purchased for resale	36	35	146	166
Other operations and maintenance	210	200	407	394
Depreciation and amortization	85	80	168	157
Taxes other than income taxes	28	30	68	68
Total operating expenses	446	435	977	979
Operating Income	130	107	302	240
Other Income and Expenses:				
Miscellaneous income	3	6	6	11
Miscellaneous expense	2	3	8	8
Total other income (expense)	1	3	(2)	3
Interest Charges	36	35	73	70
Income Before Income Taxes	95	75	227	173
Income Taxes	37	29	89	67
Net Income	58	46	138	106
Other Comprehensive Loss, Net of Taxes:				
Pension and other postretirement benefit plan activity, net of income taxes (benefit) of \$-, \$-, \$- and \$(1), respectively	—	(1)	—	(2)
Comprehensive Income	\$58	\$45	\$138	\$104
Net Income	\$58	\$46	\$138	\$106
Preferred Stock Dividends	1	1	2	2
Net Income Available to Common Shareholder	\$57	\$45	\$136	\$104

The accompanying notes as they relate to Ameren Illinois are an integral part of these financial statements.

AMEREN ILLINOIS COMPANY (d/b/a AMEREN ILLINOIS)

BALANCE SHEET

(Unaudited) (In millions)

	June 30, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$—	\$ —
Accounts receivable – trade (less allowance for doubtful accounts of \$13 and \$12, respectively)	219	242
Accounts receivable – affiliates	69	10
Unbilled revenue	104	141
Miscellaneous accounts receivable	14	22
Inventories	114	135
Current regulatory assets	75	108
Other current assets	11	25
Total current assets	606	683
Property, Plant, and Equipment, Net	7,780	7,469
Investments and Other Assets:		
Goodwill	411	411
Regulatory assets	907	816
Other assets	97	95
Total investments and other assets	1,415	1,322
TOTAL ASSETS	\$9,801	\$ 9,474
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$394	\$ 250
Short-term debt	159	51
Accounts and wages payable	236	264
Accounts payable – affiliates	55	63
Taxes accrued	7	16
Interest accrued	31	33
Customer deposits	69	69
Current environmental remediation	37	38
Current regulatory liabilities	95	78
Other current liabilities	128	109
Total current liabilities	1,211	971
Long-term Debt, Net	2,195	2,338
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	1,748	1,631
Accumulated deferred investment tax credits	2	2
Regulatory liabilities	745	768
Pension and other postretirement benefits	350	346
Environmental remediation	152	162
Other deferred credits and liabilities	228	222
Total deferred credits and other liabilities	3,225	3,131
Commitments and Contingencies (Notes 2, 8, and 9)		
Shareholders' Equity:		
Common stock, no par value, 45.0 shares authorized – 25.5 shares outstanding	—	—

Edgar Filing: AMEREN CORP - Form 10-Q

Other paid-in capital	2,005	2,005
Preferred stock	62	62
Retained earnings	1,103	967
Total shareholders' equity	3,170	3,034
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$9,801	\$ 9,474

The accompanying notes as they relate to Ameren Illinois are an integral part of these financial statements.

11

AMEREN ILLINOIS COMPANY (d/b/a AMEREN ILLINOIS)
 STATEMENT OF CASH FLOWS
 (Unaudited) (In millions)

	Six Months Ended June 30,	
	2017	2016
Cash Flows From		
Operating Activities:		
Net income	\$ 138	\$ 106
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	168	156
Amortization of debt issuance costs and premium/discounts	7	7
Deferred income taxes and investment tax credits, net	116	65
Other	—	(6)
Changes in assets and liabilities:		
Receivables	70	(5)
Inventories	20	32
Accounts and wages payable	(17)	(20)
Taxes accrued	(68)	(14)
Regulatory assets and liabilities	(54)	48
Assets, other	3	11
Liabilities, other	(10)	(1)
Pension and other postretirement benefits	2	3
Net cash provided by operating activities	375	382
Cash Flows From Investing Activities:		
Capital expenditures	(484)	(442)
Other	4	4
Net cash used in investing activities	(480)	(438)
Cash Flows From Financing Activities:		
Dividends on common stock	—	(60)
Dividends on preferred stock	(2)	(2)
Short-term debt, net	108	177
	—	(129)

Maturities of long-term debt			
Other	(1	)	(1)
Net cash provided by (used in) financing activities	105		(15)
Net change in cash and cash equivalents	—		(71)
Cash and cash equivalents at beginning of year	—		71
Cash and cash equivalents at end of period	\$	—	\$ —

The accompanying notes as they relate to Ameren Illinois are an integral part of these financial statements.

AMEREN CORPORATION (Consolidated)
 UNION ELECTRIC COMPANY (d/b/a Ameren Missouri)
 AMEREN ILLINOIS COMPANY (d/b/a Ameren Illinois)
 COMBINED NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company under PUHCA 2005. Ameren’s primary assets are its equity interests in its subsidiaries. Ameren’s subsidiaries are separate, independent legal entities with separate businesses, assets, and liabilities. Dividends on Ameren’s common stock and the payment of expenses by Ameren depend on distributions made to it by its subsidiaries. Ameren’s principal subsidiaries, Ameren Missouri, Ameren Illinois, and ATXI, are described below. Ameren also has other subsidiaries that conduct other activities, such as the provision of shared services. Ameren is also evaluating competitive electric transmission investment opportunities outside of MISO as they arise.

• Union Electric Company, doing business as Ameren Missouri, operates a rate-regulated electric generation, transmission, and distribution business and a rate-regulated natural gas distribution business in Missouri.

• Ameren Illinois Company, doing business as Ameren Illinois, operates rate-regulated electric transmission, electric distribution, and natural gas distribution businesses in Illinois.

• ATXI operates a FERC rate-regulated electric transmission business. ATXI is developing MISO-approved electric transmission projects, including the Illinois Rivers, Spoon River, and Mark Twain projects.

Ameren’s financial statements are prepared on a consolidated basis and therefore include the accounts of its majority-owned subsidiaries. All intercompany transactions have been eliminated. Ameren Missouri and Ameren Illinois have no subsidiaries. All tabular dollar amounts are in millions, unless otherwise indicated. Also see the Glossary of Terms and Abbreviations at the front of this report and in the Form 10-K.

Our accounting policies conform to GAAP. Our financial statements reflect all adjustments (which include normal, recurring adjustments) that are necessary, in our opinion, for a fair statement of our results. The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. Such estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. The results of operations of an interim period may not give a true indication of results that may be expected for a full year. See Note 2 – Rate and Regulatory Matters for information regarding the 2017 change in Ameren Illinois’ method used to recognize interim period revenue in connection with the revenue decoupling provisions of the FEJA. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Form 10-K.

Discontinued operations were immaterial to all periods presented in Ameren’s financial statements. As such, the “Assets of discontinued operations” and “Liabilities of discontinued operations” included on the December 31, 2016 balance sheet have been reclassified in this report to “Other current assets” and “Other current liabilities,” respectively. See Note 1 – Summary of Significant Accounting Policies under Part II, Item 8, of the Form 10-K for additional information.

Asset Retirement Obligations

The following table provides a reconciliation of the beginning and ending carrying amount of AROs for the six months ended June 30, 2017:

	Ameren Missouri	Ameren Illinois ^(a)	Ameren
Balance at December 31, 2016	\$ 644 ^(b)	\$ 6	\$ 650 ^(b)
Liabilities settled	(1)	(c)	(1)
Accretion ^(d)	13	(c)	13
Change in estimates ^(e)	(12)	(1)	(13)
Balance at June 30, 2017	\$ 644 ^(b)	\$ 5	\$ 649 ^(b)

(a) Included in “Other deferred credits and liabilities” on the balance sheet.

(b) Balance included \$15 million in “Other current liabilities” on the balance sheet as of December 31, 2016 and June 30, 2017, respectively.

(c) Less than \$1 million.

(d) Accretion expense was recorded as a decrease to regulatory liabilities.

(e) Ameren Missouri changed its fair value estimate primarily related to extending the remediation period of certain CCR storage facilities.

Share-based Compensation

A summary of nonvested performance share units at June 30, 2017, and changes during the six months ended June 30, 2017, under the 2014 Incentive Plan are presented below:

	Performance Share Units	
	Share Units	Weighted-average Fair Value per Share Unit
Nonvested at January 1, 2017	1,059,639	\$ 48.04
Granted ^(a)	498,940	59.16
Forfeitures	(38,521)	52.40
Vested ^(b)	(5,992)	52.88
Nonvested at June 30, 2017	1,514,066	\$ 51.57

(a) Performance share units granted to certain executive and nonexecutive officers and other eligible employees under the 2014 Incentive Plan.

(b) Performance share units vested due to the attainment of retirement eligibility by certain employees. Actual shares issued for retirement-eligible employees vary depending on actual performance over the three-year measurement period.

The fair value of each performance share unit awarded in 2017 under the 2014 Incentive Plan was determined to be \$59.16, which was based on Ameren's closing common share price of \$52.46 at December 31, 2016, and lattice simulations. Lattice simulations are used to estimate expected share payout based on Ameren's total shareholder return for a three-year performance period beginning January 1, 2017, relative to the designated peer group. The simulations can produce a greater fair value for the performance share unit than the December 31 applicable closing common share price because they include the weighted payout scenarios in which an increase in the share price has occurred. The significant assumptions used to calculate fair value also included a three-year risk-free rate of 1.47%, volatility of 15% to 21% for the peer group, and Ameren's attainment of a three-year average earnings per share threshold during the performance period.

Operating Revenue

The Ameren Companies record operating revenue for electric or natural gas service when it is delivered to customers. We accrue an estimate of electric and natural gas revenues for service rendered but unbilled at the end of each accounting period. For certain regulatory recovery mechanisms qualifying as alternative revenue programs, such as revenue requirement reconciliations, the Ameren Companies recognize revenues that have been authorized for rate recovery, are objectively determinable and probable of recovery, and are expected to be collected from customers within two years from the end of the year.

Excise Taxes

Ameren Missouri and Ameren Illinois collect certain excise taxes from customers that are levied on the sale or distribution of natural gas and electricity. Excise taxes are levied on Ameren Missouri's electric and natural gas businesses and on Ameren Illinois' natural gas business and are recorded gross in "Operating Revenues – Electric," "Operating Revenues – Natural gas" and "Operating Expenses – Taxes other than income taxes" on the statement of income or the statement of income and comprehensive income. Excise taxes for electric service in Illinois are levied on the customer and therefore are not included in Ameren Illinois' revenues and expenses. The following table presents excise taxes recorded in "Operating Revenues – Electric," "Operating Revenues – Natural gas" and "Operating Expenses – Taxes other than income taxes" for the three and six months ended June 30, 2017 and 2016:

	Three Months		Six Months	
	2017	2016	2017	2016
Ameren Missouri	\$ 40	\$ 40	\$ 71	\$ 70

Edgar Filing: AMEREN CORP - Form 10-Q

Ameren Illinois	11	11	30	31
Ameren	\$ 51	\$ 51	\$101	\$101

Earnings Per Share

There were no material differences between Ameren's basic and diluted earnings per share amounts for the three and six months ended June 30, 2017 and 2016. The assumed settlement of dilutive performance share units had an immaterial impact on earnings per share. There were no potentially dilutive securities excluded from the earnings per diluted share calculations for the three and six months ended June 30, 2017 and 2016.

Income Taxes

In July 2017, the Illinois legislature passed a bill that increased the state's corporate income tax rate from 7.75% to 9.5% as of July 1, 2017. The bill made the increase in the state's corporate income tax rate, which was previously scheduled to decrease to 7.3% in 2025, permanent. Ameren's consolidated 2017 net income is expected to decrease by \$15 million, including an expense of \$14 million at Ameren (parent), due to the revaluation of accumulated deferred taxes and the estimated state apportionment of such taxes. Beyond this decrease, Ameren does not expect this tax increase to have a material impact on its consolidated net income prospectively. The tax increase is not expected to materially impact the earnings of the Ameren Illinois Electric Distribution, Ameren Transmission, nor Ameren Illinois Transmission segments since these businesses operate under formula ratemaking frameworks. The tax increase is expected to unfavorably affect 2017 net income of the Ameren Illinois Natural Gas segment by less than \$1 million. In addition, in the third quarter of 2017, Ameren's and Ameren Illinois' accumulated deferred tax balances will be revalued using the state's new corporate income tax rate, which is expected to result in a net increase to the liability balances of \$97 million and \$79 million, respectively. These increased liabilities will be offset by a regulatory asset, as well as income tax expense, as discussed above.

Accounting and Reporting Developments

Below is a summary of updates related to our adoption of recently issued authoritative accounting standards. See Note 1 – Summary of Significant Accounting Policies under Part II, Item 8, of the Form 10-K for additional information about recently issued authoritative accounting standards relating to leases, financial instruments, and restricted cash.

Revenue from Contracts with Customers

In May 2014, the FASB issued authoritative guidance that changes the criteria for recognizing revenue from a contract with a customer. The underlying principle of the guidance is that an entity will recognize revenue for the transfer of promised goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance requires additional disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, as well as separate presentation of alternative revenue programs on the income statement. Entities can apply the guidance to each reporting period presented (the full retrospective method) or by recording a cumulative effect adjustment to retained earnings in the period of initial adoption (the modified retrospective method).

We have substantially completed the evaluation of our contracts and do not expect material changes to the amount or timing of revenue recognition. We currently plan to apply the guidance using the full retrospective method and to include disaggregated revenue disclosures by segment and customer class in the combined notes to the financial statements in the first quarter of 2018. We will finalize our contract assessments and our selection of transition method by the end of 2017.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, the FASB issued authoritative guidance that requires an entity to retrospectively report the service cost component of net benefit cost in the same line item(s) as other compensation costs arising from services rendered by employees during the period and to present the other components of net benefit cost in the income statement separately from the service cost component, and outside of operating income. The guidance also requires that an entity only capitalize the service cost component as part of an asset such as inventory or property, plant, and equipment on a prospective basis. Previously, all of the net benefit cost components were eligible for capitalization. The adoption of this guidance in the first quarter of 2018 may result in the recognition of new regulatory assets or liabilities related to the recovery or return of the non-service cost components of net benefit cost. See Note 11 – Retirement Benefits for the components of net benefit cost. We are currently assessing the impacts of this guidance on our results of operations, financial position, and disclosures.

NOTE 2 – RATE AND REGULATORY MATTERS

Below is a summary of updates to significant regulatory proceedings and related lawsuits. See also Note 2 – Rate and Regulatory Matters under Part II, Item 8, of the Form 10-K. We are unable to predict the ultimate outcome of these matters, the timing of the final decisions of the various agencies and courts, or the impact on our results of operations, financial position, or liquidity.

Missouri

March 2017 Electric Rate Order

In March 2017, the MoPSC issued an order approving a unanimous stipulation and agreement in Ameren Missouri's July 2016 regulatory rate review. The order resulted in a \$3.4 billion revenue requirement, which is a \$92 million increase in Ameren Missouri's annual revenue requirement for electric service, compared to its prior revenue requirement established in the MoPSC's April 2015 electric rate order. The new rates, base level of expenses, and amortizations became effective on April 1, 2017.

The order authorized the continued use of the FAC and the regulatory tracking mechanisms for pension and postretirement benefits, uncertain income tax positions, and renewable energy standards that the MoPSC authorized in earlier electric rate orders. These regulatory tracking mechanisms provide for a base level of expense to be reflected in Ameren Missouri's base electric rates with differences in the actual expenses incurred recorded as a regulatory asset or liability. Excluding cost reductions associated with reduced sales volumes, the base level of net energy costs decreased by \$54 million from the base level established in the MoPSC's April 2015 electric rate order. Changes in amortizations and the base level of expenses for the other regulatory tracking mechanisms, including extending the amortization period of certain regulatory assets, reduced expenses by \$26 million from the base levels established in the MoPSC's April 2015 electric rate order.

ATXI's Mark Twain Project

The Mark Twain project is a MISO-approved transmission line to be located in northeast Missouri. In April 2016, the MoPSC granted ATXI a certificate of convenience and necessity for the Mark Twain project conditioned upon ATXI obtaining county assents for road crossings. None of the five county commissions have approved ATXI's requests for the assents. In October 2016, ATXI filed suit in the circuit courts for each of the five counties to obtain the assents for the original project route. In July 2017, ATXI withdrew its lawsuit against one of the counties. The timing of a decision in each of the other four lawsuits is uncertain. In March 2017, the MoPSC's April 2016 order was vacated by the Missouri Court of Appeals, Western District, which ruled that the MoPSC could not lawfully grant a certificate of convenience and necessity conditioned upon ATXI obtaining the assents. In the second quarter of 2017, ATXI appealed the March 2017 Court of Appeals decision to the Missouri Supreme Court, which subsequently declined to hear the appeal.

In April 2017, ATXI reached agreements in principle with a cooperative electric company in northeast Missouri and with Ameren Missouri to locate the majority of the Mark Twain project on existing transmission line corridors, resulting in a proposed alternative project route. ATXI is in the process of finalizing the proposed alternative project route and plans to request assents for road crossings from the five affected counties in the third quarter of 2017. If all five county commissions provide assents for the proposed alternative project route, ATXI will then seek MoPSC approval.

ATXI plans to complete the project in late 2019; however, delays in obtaining the assents and approval from the MoPSC could delay completion.

Illinois

IEIMA & FEJA

Under Illinois law, Ameren Illinois' electric distribution service rates are subject to an annual revenue requirement reconciliation to its actual recoverable costs and allowed return on equity. This revenue requirement reconciliation qualifies as an alternative revenue program under GAAP. Each year, Ameren Illinois records a regulatory asset or a regulatory liability and a corresponding increase or decrease to operating revenues for any differences between the revenue requirement reflected in customer rates for that year and its estimate of the probable increase or decrease in the revenue requirement expected to ultimately be approved by the ICC based on that year's actual recoverable costs incurred and investment return. As of June 30, 2017, Ameren Illinois had recorded regulatory assets of \$24 million to reflect its 2016 revenue requirement reconciliation adjustment, which was included in the April 2017 formula rate update discussed below, and \$40 million for the approved 2015 revenue requirement reconciliation adjustment, each with interest. As of June 30, 2017, Ameren Illinois had recorded a regulatory asset of \$76 million to reflect the difference between Ameren Illinois' estimate of its 2017 revenue requirement and the revenue requirement reflected in customer rates, including interest.

In April 2017, Ameren Illinois filed with the ICC its annual electric distribution service formula rate update to establish the revenue requirement used for 2018 rates. In June 2017, the ICC staff submitted its calculation of the revenue requirement, which Ameren Illinois supported in its revised July 2017 filing, and recommended a decrease to the electric distribution service revenue requirement. Pending ICC approval, this update filing will result in a \$17 million decrease in Ameren Illinois' electric distribution service revenue requirement beginning in January 2018. This update reflects an increase to the annual formula rate based on 2016 actual costs and expected net plant additions for 2017, as well as an increase to include the 2016 revenue requirement reconciliation adjustment. The increases in the

update filing are more than offset by a decrease for the conclusion of the 2015 revenue requirement reconciliation adjustment, which will be fully collected from customers in 2017, consistent with the ICC's December 2016 annual update filing order. An ICC decision regarding the revenue requirement to be used for customer rates in 2018 is expected by December 2017.

The FEJA revised certain portions of the IEIMA, including extending the IEIMA formula ratemaking process through 2022 and clarifying that a common equity ratio of up to, and including, 50% is prudent. Beginning in 2017, the FEJA provides that Ameren Illinois will recover, within the following two years, its electric distribution revenue requirement for a given year, independent of actual sales volumes. Prior to the FEJA, Ameren Illinois' interim period revenue recognition was volume-based, as revenues were affected by the timing of sales volumes due to seasonal rates and changes in volumes resulting from, among other things, weather and energy efficiency. This previous revenue recognition method resulted in more revenues during the third quarter and less revenues during the other quarters of each year. Beginning in

2017, in connection with the decoupling provisions of the FEJA, Ameren Illinois changed its method used to recognize interim period revenue. Ameren Illinois now recognizes revenue consistent with the timing of actual incurred electric distribution recoverable costs and recognizes revenue associated with the expected return on its rate base ratably over the year. Ameren Illinois recognized \$75 million and \$13 million of electric distribution revenue to reflect the difference between the estimate of its revenue requirement and the revenue requirement reflected in customer rates for the six months ended June 30, 2017 and 2016, respectively.

Federal

FERC Complaint Cases

In November 2013, a customer group filed a complaint case with the FERC seeking a reduction in the allowed base return on common equity for FERC-regulated transmission rate base under the MISO tariff from 12.38% to 9.15%. In September 2016, the FERC issued a final order in the November 2013 complaint case, which lowered the allowed base return on common equity for the 15-month period of November 2013 to February 2015 to 10.32%, or a 10.82% total allowed return on common equity with the inclusion of a 50 basis point incentive adder for participation in an RTO. The order required customer refunds, with interest, to be issued for that 15-month period. During the first six months of 2017, Ameren and Ameren Illinois refunded \$21 million and \$17 million, respectively, related to the November 2013 complaint case. In addition, the 10.82% allowed return on common equity has been reflected in rates since September 2016. The 10.82% allowed return on common equity will likely be replaced prospectively after the FERC issues a final order in the February 2015 complaint case, discussed below.

As the maximum FERC-allowed refund period for the November 2013 complaint case ended in February 2015, another customer complaint case was filed in February 2015. The February 2015 complaint case seeks a further reduction in the allowed base return on common equity for FERC-regulated transmission rate base under the MISO tariff. In June 2016, an administrative law judge issued an initial decision in the February 2015 complaint case, which, if approved by the FERC, would lower the allowed base return on common equity for the 15-month period of February 2015 to May 2016 to 9.70%, or a 10.20% total allowed return on equity with the inclusion of a 50 basis point incentive adder for participation in an RTO and require customer refunds, with interest, for that 15-month period. The timing of the issuance of the final order in the February 2015 complaint case is uncertain for two reasons. First, while the FERC reestablished a quorum of three commissioners in August 2017, they are under no deadline to issue a final order. Second, in the second quarter of 2017, the United States Court of Appeals for the District of Columbia Circuit vacated and remanded to the FERC an order in a separate case in which the FERC established the allowed base return on common equity methodology used in the two MISO complaint cases described above. Ameren is unable to predict the impact of the outcome of the United States Court of Appeals for the District of Columbia Circuit's remand on the MISO FERC complaint cases at this time.

As of June 30, 2017, Ameren and Ameren Illinois had recorded current regulatory liabilities of \$41 million and \$24 million, respectively, to reflect the expected refunds, including interest, associated with the reduced allowed returns on common equity in the initial decision in the February 2015 complaint case. Ameren Missouri does not expect that a reduction in the FERC-allowed base return on common equity would be material to its results of operations, financial position, or liquidity.

NOTE 3 – SHORT-TERM DEBT AND LIQUIDITY

The liquidity needs of the Ameren Companies are typically supported through the use of available cash, drawings under committed credit agreements, commercial paper issuances, or, in the case of Ameren Missouri and Ameren Illinois, short-term intercompany borrowings. See Note 4 – Short-term Debt and Liquidity under Part II, Item 8, in the Form 10-K for a description of our indebtedness provisions and other covenants as well as a description of money pool arrangements.

The Missouri Credit Agreement and the Illinois Credit Agreement, both of which expire in December 2021, were not utilized for direct borrowings during the six months ended June 30, 2017, but were used to support commercial paper issuances and to issue letters of credit. Based on commercial paper outstanding, as well as letters of credit issued under the Credit Agreements, the aggregate amount of credit capacity available under the Credit Agreements to Ameren (parent), Ameren Missouri, and Ameren Illinois, collectively, at June 30, 2017, was \$1.2 billion. The Ameren Companies were in compliance with the covenants in their credit agreements as of June 30, 2017. As of June 30,

2017, the ratios of consolidated indebtedness to consolidated total capitalization, calculated in accordance with the provisions of the Credit Agreements, were 53%, 48%, and 47% for Ameren, Ameren Missouri, and Ameren Illinois, respectively.

Commercial Paper

The following table presents commercial paper outstanding as of June 30, 2017, and December 31, 2016:

	2017	2016
Ameren (parent)	\$673	\$507
Ameren Missouri	60	—
Ameren Illinois	159	51
Ameren Consolidated	\$892	\$558

The following table summarizes the borrowing activity and relevant interest rates under Ameren's (parent), Ameren Missouri's, and Ameren Illinois' commercial paper programs for the six months ended June 30, 2017 and 2016:

	Ameren (parent)	Ameren Missouri	Ameren Illinois	Ameren Consolidated
2017				
Average daily commercial paper outstanding	\$736	\$6	\$66	\$808
Weighted-average interest rate	1.19 %	1.10 %	1.14 %	1.19 %
Peak commercial paper during period ^(a)	\$841	\$60	\$163	\$948
Peak interest rate	1.50 %	1.41 %	1.50 %	1.50 %
2016				
Average daily commercial paper outstanding	\$402	\$117	\$12	\$531
Weighted-average interest rate	0.82 %	0.74 %	0.79 %	0.80 %
Peak commercial paper during period ^(a)	\$549	\$208	\$177	\$839
Peak interest rate	0.95 %	0.85 %	0.85 %	0.95 %

The timing of peak commercial paper issuances varies by company. Therefore, the sum of peak commercial paper (a) issuances presented by company does not equal the Ameren Consolidated peak commercial paper issuances for the period.

Money Pools

Ameren has money pool agreements with and among its subsidiaries to coordinate and provide for certain short-term cash and working capital requirements. The average interest rate for borrowing under the utility money pool for the three and six months ended June 30, 2017, was 1.27% and 1.14%, respectively (2016 – 0.60% and 0.54%, respectively). See Note 8 – Related Party Transactions for the amount of interest income and expense from the money pool arrangements recorded by the Ameren Companies for the three and six months ended June 30, 2017 and 2016.

NOTE 4 – LONG-TERM DEBT AND EQUITY FINANCINGS

Ameren Missouri

In June 2017, Ameren Missouri issued \$400 million principal amount of 2.95% senior secured notes due June 2027, with interest payable semiannually on June 15 and December 15 of each year, beginning December 15, 2017. Ameren Missouri received proceeds of \$396 million, which were used, in conjunction with other available funds, to repay at maturity in June 2017 \$425 million principal amount of Ameren Missouri's 6.40% senior secured notes.

ATXI

In June 2017, pursuant to a note purchase agreement, ATXI agreed to issue \$450 million principal amount of 3.43% senior unsecured notes due 2050 through a private placement offering exempt from registration under the Securities Act of 1933, as amended. ATXI issued \$150 million principal amount of the notes in June 2017 and has agreed to issue the remaining \$300 million principal amount of the notes in August 2017, subject to certain conditions. The proceeds of the notes, of which \$149 million were received in June 2017, were, and will be used, by ATXI to repay existing short-term and long-term affiliate debt owed to Ameren (parent).

ATXI may prepay at any time not less than 5% of the principal amount of notes then outstanding at 100% of the principal amount plus a make-whole premium. In the event of a change of control, as defined in the agreement, each holder of notes may require ATXI to prepay the entire unpaid principal amount of the notes held by such holder at a price equal to 100% of the principal amount of such notes together with accrued and unpaid interest thereon, but without a premium. The following table presents the principal maturities schedule for the notes

(assuming the issuance of \$450 million principal amount of notes):

Payment Date	Principal Payment
August 2022	\$49.5
August 2024	49.5
August 2027	49.5
August 2030	49.5
August 2032	49.5
August 2038	49.5
August 2043	76.5
August 2050	76.5
Total Principal Amount of Notes	\$450.0

The note purchase agreement includes financial covenants that require ATXI to not permit at any time: (i) debt to exceed 70% of total capitalization or (ii) secured debt to exceed 10% of total assets. The note purchase agreement also contains restrictive covenants that, among other things, restrict the ability of ATXI to: (i) enter into transactions with affiliates; (ii) consolidate, merge, transfer or lease all or substantially all of its assets; and (iii) create liens.

Indenture Provisions and Other Covenants

Ameren Missouri's and Ameren Illinois' indentures and articles of incorporation include covenants and provisions related to issuances of first mortgage bonds and preferred stock. Ameren Missouri and Ameren Illinois are required to meet certain ratios to issue additional first mortgage bonds and preferred stock. A failure to achieve these ratios would not result in a default under these covenants and provisions, but would restrict the companies' ability to issue first mortgage bonds or preferred stock. See Note 5 – Long-Term Debt and Equity Financings under Part II, Item 8, in the Form 10-K for a description of our indenture provisions and other covenants as well as restrictions on the payment of dividends. See the discussion above for covenants related to ATXI's note purchase agreement. At June 30, 2017, the Ameren Companies were in compliance with the provisions and covenants contained in their indentures and articles of incorporation, as applicable, and ATXI was in compliance with the provisions and covenants contained in its note purchase agreement.

Off-Balance-Sheet Arrangements

At June 30, 2017, none of the Ameren Companies had off-balance-sheet financing arrangements, other than operating leases entered into in the ordinary course of business, letters of credit, and Ameren parent guarantee arrangements on behalf of its subsidiaries. None of the Ameren Companies expect to engage in any significant off-balance-sheet financing arrangements in the near future.

NOTE 5 – OTHER INCOME AND EXPENSES

The following table presents the components of "Other Income and Expenses" in the Ameren Companies' statements of income for the three and six months ended June 30, 2017 and 2016:

	Three Months		Six Months	
	2017	2016	2017	2016
Ameren: ^(a)				
Miscellaneous income:				
Allowance for equity funds used during construction	\$4	\$5	\$10	\$13
Interest income on industrial development revenue bonds	6	6	13	13
Interest income	3	4	5	8
Other	1	1	1	2
Total miscellaneous income	\$14	\$16	\$29	\$36
Miscellaneous expense:				
Donations	\$2	\$2	\$7	\$7
Other	3	4	7	6
Total miscellaneous expense	\$5	\$6	\$14	\$13
Ameren Missouri:				

Edgar Filing: AMEREN CORP - Form 10-Q

Miscellaneous income:

Allowance for equity funds used during construction	\$4	\$3	\$9	\$10
Interest income on industrial development revenue bonds	6	6	13	13
Other	1	—	1	1
Total miscellaneous income	\$11	\$9	\$23	\$24

19

	Three Months 2017		Six Months 2016	
Miscellaneous expense:				
Donations	\$ 2	\$ 1	\$ 2	\$ 2
Other	—	1	2	2
Total miscellaneous expense	\$ 2	\$ 2	\$ 4	\$ 4
Ameren Illinois:				
Miscellaneous income:				
Allowance for equity funds used during construction	\$ —	\$ 2	\$ 1	\$ 3
Interest income	2	3	4	7
Other	1	1	1	1
Total miscellaneous income	\$ 3	\$ 6	\$ 6	\$ 11
Miscellaneous expense:				
Donations	\$ 1	\$ 1	\$ 5	\$ 5
Other	1	2	3	3
Total miscellaneous expense	\$ 2	\$ 3	\$ 8	\$ 8

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.

NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS

We use derivatives to manage the risk of changes in market prices for natural gas, power, and uranium, as well as the risk of changes in rail transportation surcharges through fuel oil hedges. Such price fluctuations may cause the following:

- an unrealized appreciation or depreciation of our contracted commitments to purchase or sell when purchase or sale prices under the commitments are compared with current commodity prices;
- market values of natural gas and uranium inventories that differ from the cost of those commodities in inventory; and
- actual cash outlays for the purchase of these commodities that differ from anticipated cash outlays.

The derivatives that we use to hedge these risks are governed by our risk management policies for forward contracts, futures, options, and swaps. Our net positions are continually assessed within our structured hedging programs to determine whether new or offsetting transactions are required. The goal of the hedging program is generally to mitigate financial risks while ensuring that sufficient volumes are available to meet our requirements. Contracts we enter into as part of our risk management program may be settled financially, settled by physical delivery, or net settled with the counterparty.

The following table presents open gross commodity contract volumes by commodity type for derivative assets and liabilities as of June 30, 2017, and December 31, 2016. As of June 30, 2017, these contracts extended through October 2019, March 2023, May 2032, and March 2020 for fuel oils, natural gas, power, and uranium, respectively.

Commodity	Quantity (in millions, except as indicated)					
	2017			2016		
	Ameren Missouri	Ameren Illinois	Ameren	Ameren Missouri	Ameren Illinois	Ameren
Fuel oils (in gallons) ^(a)	35	(b)	35	30	(b)	30
Natural gas (in mmbtu)	26	147	173	25	129	154
Power (in megawatthours)	1	9	10	1	9	10
Uranium (pounds in thousands)	445	(b)	445	345	(b)	345

(a) Consists of ultra-low-sulfur diesel products.

(b) Not applicable.

All contracts considered to be derivative instruments are required to be recorded on the balance sheet at their fair values, unless the NPNS exception applies. See Note 7 – Fair Value Measurements for a discussion of our methods of assessing the fair value of derivative instruments. Many of our physical contracts, such as our purchased power

contracts, qualify for the NPNS exception to derivative accounting rules. The revenue or expense on NPNS contracts is recognized at the contract price upon physical delivery.

If we determine that a contract meets the definition of a derivative and is not eligible for the NPNS exception, we review the contract to determine whether the resulting gains or losses qualify for regulatory deferral. Derivative contracts that qualify for regulatory deferral are recorded at fair value, with changes in fair value recorded as regulatory assets or liabilities in the period in which the change occurs. We believe derivative losses and gains deferred as regulatory assets and liabilities are probable of recovery, or refund, through future rates charged to customers. Regulatory assets and liabilities are amortized to operating income as related losses and gains are reflected in rates

charged to customers. Therefore, gains and losses on these derivatives have no effect on operating income. As of June 30, 2017, and December 31, 2016, all contracts that met the definition of a derivative and were not eligible for the NPNS exception received regulatory deferral.

The following table presents the carrying value and balance sheet location of all derivative commodity contracts, none of which were designated as hedging instruments, as of June 30, 2017, and December 31, 2016:

	Balance Sheet Location	Ameren Missouri	Ameren Illinois	Ameren
2017				
Fuel oils	Other current assets	\$ 1	\$ —	\$ 1
Natural gas	Other current assets	—	1	1
	Other assets	—	1	1
Power	Other current assets	14	—	14
	Other assets	1	—	1
	Total assets ^(a)	\$ 16	\$ 2	\$ 18
Fuel oils	Other current liabilities	\$ 5	\$ —	\$ 5
	Other deferred credits and liabilities	1	—	1
Natural gas	Other current liabilities	2	9	11
	Other deferred credits and liabilities	5	6	11
Power	Other current liabilities	1	13	14
	Other deferred credits and liabilities	—	179	179
Uranium	Other deferred credits and liabilities	—	^(b) —	— ^(b)
	Total liabilities ^(c)	\$ 14	\$ 207	\$ 221
2016				
Fuel oils	Other current assets	\$ 2	\$ —	\$ 2
	Other assets	1	—	1
Natural gas	Other current assets	1	11	12
	Other assets	1	2	3
Power	Other current assets	9	—	9
	Total assets ^(a)	\$ 14	\$ 13	\$ 27
Fuel oils	Other current liabilities	\$ 5	\$ —	\$ 5
Natural gas	Other current liabilities	1	3	4
	Other deferred credits and liabilities	5	5	10
Power	Other current liabilities	3	12	15
	Other deferred credits and liabilities	—	173	173
Uranium	Other deferred credits and liabilities	4	—	4
	Total liabilities ^(c)	\$ 18	\$ 193	\$ 211

(a) The cumulative amount of pretax net gains on all derivative instruments is deferred as a regulatory liability.

Beginning in 2017, as a result of rulebook amendments at the Chicago Mercantile Exchange, the fair value of

(b) uranium derivative liabilities are offset by certain settlement payments made to the exchange previously characterized as collateral and included within “Other assets” on Ameren’s and Ameren Missouri’s balance sheet.

(c) The cumulative amount of pretax net losses on all derivative instruments is deferred as a regulatory asset.

Derivative instruments are subject to various credit-related losses in the event of nonperformance by counterparties to the transaction. Exchange-traded contracts are supported by the financial and credit quality of the clearing members of the respective exchanges; these contracts have nominal credit risk. In all other transactions, we are exposed to credit risk. Our credit risk management program involves establishing credit limits and collateral requirements for counterparties, using master netting arrangements or similar agreements, and reporting daily exposure to senior management.

We believe that entering into master netting arrangements or similar agreements mitigates the level of financial loss that could result from default by allowing net settlement of derivative assets and liabilities. These master netting arrangements allow the counterparties to net settle sale and purchase transactions. Further, collateral requirements are calculated at the master netting arrangement or similar agreement level by counterparty.

The Ameren Companies elect to present the fair value amounts of derivative assets and derivative liabilities subject to an enforceable master netting arrangement or similar agreement gross on the balance sheet. However, if the gross amounts recognized on the balance sheet were netted with derivative instruments and cash collateral received or posted, the net amounts would not be materially different from the gross amounts at June 30, 2017, and December 31, 2016.

Concentrations of Credit Risk

In determining our concentrations of credit risk related to derivative instruments, we review our individual counterparties and categorize each counterparty into groupings according to the primary business in which each engages. We calculate maximum exposures based on the gross fair value of financial instruments, including NPNS and other accrual contracts. These exposures are calculated on a gross basis, which include affiliate exposure not eliminated at the consolidated Ameren level. As of June 30, 2017, if counterparty groups were to fail completely to perform on contracts, the Ameren Companies' maximum exposure would have been immaterial with or without consideration of the application of master netting arrangements or similar agreements and collateral held.

Derivative Instruments with Credit Risk-Related Contingent Features

Our commodity contracts contain collateral provisions tied to the Ameren Companies' credit ratings. If our credit ratings were downgraded, or if a counterparty with reasonable grounds for uncertainty regarding our ability to satisfy an obligation requested adequate assurance of performance, additional collateral postings might be required. The following table presents, as of June 30, 2017, the aggregate fair value of all derivative instruments with credit risk-related contingent features in a gross liability position, the cash collateral posted, and the aggregate amount of additional collateral that counterparties could require. The additional collateral required is the net liability position allowed under the master netting arrangements or similar agreements, assuming (1) the credit risk-related contingent features underlying these arrangements were triggered on June 30, 2017, and (2) those counterparties with rights to do so requested collateral.

	Aggregate Fair Value of Derivative Liabilities ^(a)	Cash Collateral Posted	Potential Aggregate Amount of Additional Collateral Required ^(b)
2017			
Ameren Missouri	\$ 65	\$ 3	\$ 59
Ameren Illinois	43	—	37
Ameren	\$ 108	\$ 3	\$ 96

(a) Before consideration of master netting arrangements or similar agreements and including NPNS and other accrual contract exposures.

(b) As collateral requirements with certain counterparties are based on master netting arrangements or similar agreements, the aggregate amount of additional collateral required to be posted is determined after consideration of the effects of such arrangements.

NOTE 7 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We use various methods to determine fair value, including market, income, and cost approaches. With these approaches, we adopt certain assumptions that market participants would use in pricing the asset or liability, including assumptions about market risk or the risks inherent in the inputs to the valuation. Inputs to valuation can be readily observable, market-corroborated, or unobservable. We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Authoritative accounting guidance established a fair value hierarchy that prioritizes the inputs used to measure fair value.

All financial assets and liabilities carried at fair value are classified and disclosed in one of three hierarchy levels. See Note 8 – Fair Value Measurements under Part II, Item 8, of the Form 10-K for information related to hierarchy levels. We perform an analysis each quarter to determine the appropriate hierarchy level of the assets and liabilities subject to fair value measurements. Financial assets and liabilities are classified in their entirety according to the lowest level of input that is significant to the fair value measurement. All assets and liabilities whose fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following table describes the valuation techniques and unobservable inputs utilized by the Ameren Companies for the fair value of financial assets and liabilities classified as Level 3 in the fair value hierarchy for the periods ended June 30, 2017 and December 31, 2016:

Fair Value Assets	Unobservable Input	Range	Weighted Average
----------------------	--------------------	-------	---------------------

Edgar Filing: AMEREN CORP - Form 10-Q

		Valuation Technique(s)			
Level 3 Derivative asset and liability – commodity contracts ^(a) :					
2017					
Fuel oils	\$1\$ (2)	Option model	Volatilities(%)(^b)	26 – 36	27
		Discounted cash flow	Counterparty credit risk(%)(^c)(^d)	0.22	(e)
			Ameren Missouri credit risk(%)(^c)(^d)	0.37	(e)
			Escalation rate (%)(^b)(^f)	0 – 1	0
Natural gas	—(2)	Discounted cash flow	Nodal basis (\$/mmbtu)(^b)	(0.80) – (0.10)	(0.70)
			Counterparty credit risk (%)(^c)(^d)	0.45 – 6	0.82
			Ameren Illinois credit risk (%)(^c)(^d)	0.37	(e)

22

Edgar Filing: AMEREN CORP - Form 10-Q

	Fair Value	Assessabilities	Valuation Technique(s)	Unobservable Input	Range	Weighted Average				
2016	Power ^(g) \$15 \$ (193)		Discounted cash flow	Average forward peak and off-peak pricing – forwards/swaps (\$/MWh) ^(h)	25 – 42	29				
				Estimated auction price for FTRs (\$/MW) ^(b)	(730) – 1,398	284				
				Nodal basis (\$/MWh) ^(h)	(3) – 0	(2)				
				Ameren Illinois credit risk (%) ^{(c)(d)}	0.37	(e)				
				Fundamental energy production model	Estimated future natural gas prices (\$/mmbtu) ^(b)	3 – 4	3			
					Escalation rate (%) ^{(b)(i)}	3	(e)			
					Contract price allocation	Estimated renewable energy credit costs (\$/credit) ^(b)	5 – 7	6		
				2016	Fuel oils \$1 \$ —		Option model Discounted cash flow	Volatilities (%) ^(b)	24 – 66	28
								Counterparty credit risk (%) ^{(c)(d)}	0.13 – 0.22	15
								Ameren Missouri credit risk (%) ^{(c)(d)}	0.38	(e)
Escalation rate (%) ^{(b)(f)}	(2) – 2	0								
Natural gas 1 (1)	Option model	Volatilities (%) ^(b)	31 – 66					36		
		Nodal basis (\$/mmbtu) ^(b)	(0.40) – (0.10)					(0.20)		
		Discounted cash flow	Nodal basis (\$/mmbtu) ^(b)					(0.80) – 0	(0.50)	
			Counterparty credit risk (%) ^{(c)(d)}					0.13 – 8	1	
			Ameren Illinois credit risk (%) ^{(c)(d)}					0.38	(e)	
		2016	Power ^(g) 9 (187)						Discounted cash flow	Average forward peak and off-peak pricing – forwards/swaps (\$/MWh) ^(h)	26 – 44	29
Estimated auction price for FTRs (\$/MW) ^(b)	(71) – 5,270			125						
Nodal basis (\$/MWh) ^(h)	(6) – 0			(2)						
Ameren Illinois credit risk (%) ^{(c)(d)}	0.38			(e)						
Fundamental energy production model	Estimated future natural gas prices (\$/mmbtu) ^(b)			3 – 4	3					
	Escalation rate (%) ^{(b)(i)}			5	(e)					
	Contract price allocation			Estimated renewable energy credit costs (\$/credit) ^(b)	5 – 7	6				
2016	Uranium — (4)				Option model Discounted cash flow	Volatilities (%) ^(b)	24			(e)
						Average forward uranium pricing (\$/pound) ^(b)	22 – 24			22
						Ameren Missouri credit risk (%) ^{(c)(d)}	0.38			(e)

(a) The derivative asset and liability balances are presented net of counterparty credit considerations.

(b) Generally, significant increases (decreases) in this input in isolation would result in a significantly higher (lower) fair value measurement.

(c) Generally, significant increases (decreases) in this input in isolation would result in a significantly lower (higher) fair value measurement.

(d) Counterparty credit risk is applied only to counterparties with derivative asset balances. Ameren Missouri and

(d) Ameren Illinois credit risk is applied only to counterparties with derivative liability balances.

(e) Not applicable.

(f) Escalation rate applies to fuel oil prices 2019 and beyond.

Power valuations use visible third-party pricing evaluated by month for peak and off-peak demand through 2021 (g) for June 30, 2017 and through 2020 for December 31, 2016. Valuations beyond 2021 for June 30, 2017 and 2020 for December 31, 2016 use fundamentally modeled pricing by month for peak and off-peak demand.

(h) The balance at Ameren is comprised of Ameren Missouri and Ameren Illinois power contracts, which respond differently to unobservable input changes due to their opposing positions.

(i) Escalation rate applies to power prices in 2031 and beyond.

We consider nonperformance risk in our valuation of derivative instruments by analyzing the credit standing of our counterparties and considering any counterparty credit enhancements (e.g., collateral). The guidance also requires that the fair value measurement of liabilities reflect the nonperformance risk of the reporting entity, as applicable.

Therefore, we have factored the impact of our credit standing, as well as any potential credit enhancements, into the fair value measurement of both derivative assets and derivative liabilities. Included in our valuation, and based on current market conditions, is a valuation adjustment for counterparty default derived from market data such as the price of credit default swaps, bond yields, and credit ratings. No gains or losses related to valuation adjustments for counterparty default risk were recorded at Ameren, Ameren Missouri, or Ameren Illinois in the three and six months ended June 30, 2017 or 2016. At June 30, 2017, and December 31, 2016, the counterparty default risk valuation adjustment related to derivative contracts was immaterial for Ameren, Ameren Missouri, and Ameren Illinois.

Edgar Filing: AMEREN CORP - Form 10-Q

The following table sets forth, by level within the fair value hierarchy, our assets and liabilities measured at fair value on a recurring basis as of June 30, 2017:

	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	Other Total
Assets:				
Ameren				
	Derivative assets – commodity contracts ^(a) :			
Fuel oils	\$ —	\$ —	\$ 1	\$ 1
Natural gas	1	1	—	2
Power	—	—	15	15
Total derivative assets – commodity contracts	\$ 1	\$ 1	\$ 16	\$ 18
	Nuclear decommissioning trust fund:			
Cash and cash equivalents	\$ 2	\$ —	\$ —	\$ 2
	Equity securities:			
U.S. large capitalization	426	—	—	426
	Debt securities:			
U.S. treasury and agency securities	—	115	—	115
Corporate bonds	—	83	—	83
Other	—	23	—	23
Total nuclear decommissioning trust fund	\$ 428	\$ 221	\$ —	\$ 649 ^(b)
Total Ameren	\$ 429	\$ 222	\$ 16	\$ 667
Ameren Missouri				
	Derivative assets – commodity contracts ^(a) :			
Fuel oils	\$ —	\$ —	\$ 1	\$ 1
Power	—	—	15	15
Total derivative assets – commodity contracts	\$ —	\$ —	\$ 16	\$ 16
	Nuclear decommissioning trust fund:			
Cash and cash equivalents	\$ 2	\$ —	\$ —	\$ 2
	Equity securities:			
U.S. large capitalization	426	—	—	426
	Debt securities:			
U.S. treasury and agency securities	—	115	—	115
Corporate bonds	—	83	—	83
Other	—	23	—	23
Total nuclear decommissioning trust fund	\$ 428	\$ 221	\$ —	\$ 649 ^(b)
Total Ameren Missouri	\$ 428	\$ 221	\$ 16	\$ 665
Ameren Illinois				
	Derivative assets – commodity contracts ^(a) :			
Natural gas	\$ 1	\$ 1	\$ —	\$ 2
Liabilities:				
Ameren				
	Derivative liabilities – commodity contracts ^(a) :			
Fuel oils	\$ 4	\$ —	\$ 2	\$ 6
Natural gas	—	20	2	22
Power	—	—	193	193
Total Ameren	\$ 4	\$ 20	\$ 197	\$ 221

Edgar Filing: AMEREN CORP - Form 10-Q

Ameren Missouri	Derivative liabilities – commodity contracts ^(a) :				
	Fuel oils	\$ 4	\$ —	\$ 2	\$6
	Natural gas	—	7	—	7
	Power	—	—	1	1
	Total Ameren Missouri	\$ 4	\$ 7	\$ 3	\$14
Ameren Illinois	Derivative liabilities – commodity contracts ^(a) :				
	Natural gas	\$ —	\$ 13	\$ 2	\$15
	Power	—	—	192	192
	Total Ameren Illinois	\$ —	\$ 13	\$ 194	\$207

(a) The derivative asset and liability balances are presented net of counterparty credit considerations.

(b) Balance excludes \$2 million of receivables, payables, and accrued income, net.

Edgar Filing: AMEREN CORP - Form 10-Q

The following table sets forth, by level within the fair value hierarchy, our assets and liabilities measured at fair value on a recurring basis as of December 31, 2016:

	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	Total
Assets:				
Ameren				
Derivative assets – commodity contracts ^(a) :				
Fuel oils	\$ 2	\$ —	\$ 1	\$3
Natural gas	2	12	1	15
Power	—	—	9	9
Total derivative assets – commodity contracts	\$ 4	\$ 12	\$ 11	\$27
Nuclear decommissioning trust fund:				
Cash and cash equivalents	\$ 1	\$ —	\$ —	\$1
Equity securities:				
U.S. large capitalization	408	—	—	408
Debt securities:				
U.S. treasury and agency securities	—	112	—	112
Corporate bonds	—	67	—	67
Other	—	17	—	17
Total nuclear decommissioning trust fund	\$ 409	\$ 196	\$ —	\$605 ^(b)
Total Ameren	\$ 413	\$ 208	\$ 11	\$632
Ameren Missouri				
Derivative assets – commodity contracts ^(a) :				
Fuel oils	\$ 2	\$ —	\$ 1	\$3
Natural gas	—	1	1	2
Power	—	—	9	9
Total derivative assets – commodity contracts	\$ 2	\$ 1	\$ 11	\$14
Nuclear decommissioning trust fund:				
Cash and cash equivalents	\$ 1	\$ —	\$ —	\$1
Equity securities:				
U.S. large capitalization	408	—	—	408
Debt securities:				
U.S. treasury and agency securities	—	112	—	112
Corporate bonds	—	67	—	67
Other	—	17	—	17
Total nuclear decommissioning trust fund	\$ 409	\$ 196	\$ —	\$605 ^(b)
Total Ameren Missouri	\$ 411	\$ 197	\$ 11	\$619
Ameren Illinois				
Derivative assets – commodity contracts ^(a) :				
Natural gas	\$ 2	\$ 11	\$ —	\$13
Liabilities:				
Ameren				
Derivative liabilities – commodity contracts ^(a) :				
Fuel oils	\$ 5	\$ —	\$ —	\$5
Natural gas	—	13	1	14
Power	—	1	187	188

Edgar Filing: AMEREN CORP - Form 10-Q

	Uranium	—	—	4	4
	Total Ameren	\$ 5	\$ 14	\$ 192	\$211
Ameren Missouri	Derivative liabilities – commodity contracts ^(a) :				
	Fuel oils	\$ 5	\$ —	\$ —	\$5
	Natural gas	—	6	—	6
	Power	—	1	2	3
	Uranium	—	—	4	4
	Total Ameren Missouri	\$ 5	\$ 7	\$ 6	\$18
Ameren Illinois	Derivative liabilities – commodity contracts ^(a) :				
	Natural gas	\$ —	\$ 7	\$ 1	\$8
	Power	—	—	185	185
	Total Ameren Illinois	\$ —	\$ 7	\$ 186	\$193

(a) The derivative asset and liability balances are presented net of counterparty credit considerations.

(b) Balance excludes \$2 million of receivables, payables, and accrued income, net.

All costs related to financial assets and liabilities classified as Level 3 in the fair value hierarchy are expected to be recoverable through customer rates; therefore, there is no impact to net income resulting from changes in the fair value of these instruments. For the three and six months ended June 30, 2017 and 2016, the balances and changes in the fair value of Level 3 financial assets and liabilities associated with fuel oils, natural gas, and uranium were immaterial. The following table summarizes the changes in the fair value of power financial assets and liabilities classified as Level 3 in the fair value hierarchy:

	Net derivative commodity contracts		
	Ameren Missouri	Ameren Illinois	Ameren
For the three months ended June 30, 2017			
Beginning balance at April 1, 2017	\$4	\$(194)	\$(190)
Realized and unrealized gains (losses) included in regulatory assets/liabilities	(1)	(1)	(2)
Purchases	15	—	15
Settlements	(4)	3	(1)
Ending balance at June 30, 2017	\$14	\$(192)	\$(178)
Change in unrealized gains (losses) related to assets/liabilities held at June 30, 2017	\$—	\$(2)	\$(2)
For the three months ended June 30, 2016			
Beginning balance at April 1, 2016	\$6	\$(187)	\$(181)
Realized and unrealized gains (losses) included in regulatory assets/liabilities	(1)	14	13
Purchases	13	—	13
Settlements	(4)	4	—
Ending balance at June 30, 2016	\$14	\$(169)	\$(155)
Change in unrealized gains (losses) related to assets/liabilities held at June 30, 2016	\$—	\$14	\$14
For the six months ended June 30, 2017			
Beginning balance at January 1, 2017	\$7	\$(185)	\$(178)
Realized and unrealized gains (losses) included in regulatory assets/liabilities	(1)	(11)	(12)
Purchases	15	—	15
Settlements	(7)	4	(3)
Ending balance at June 30, 2017	\$14	\$(192)	\$(178)
Change in unrealized gains (losses) related to assets/liabilities held at June 30, 2017	\$—	\$(13)	\$(13)
For the six months ended June 30, 2016			
Beginning balance at January 1, 2016	\$16	\$(170)	\$(154)
Realized and unrealized gains (losses) included in regulatory assets/liabilities	(4)	(7)	(11)
Purchases	13	—	13
Settlements	(11)	8	(3)
Ending balance at June 30, 2016	\$14	\$(169)	\$(155)
Change in unrealized gains (losses) related to assets/liabilities held at June 30, 2016	\$—	\$(5)	\$(5)

Transfers into or out of Level 3 represent either (1) existing assets and liabilities that were previously categorized as a higher level, but were recategorized to Level 3 because the inputs to the model became unobservable during the period or (2) existing assets and liabilities that were previously classified as Level 3, but were recategorized to a higher level because the lowest significant input became observable during the period. For the three and six months ended June 30, 2017 and 2016, there were no material transfers between Level 1 and Level 2, Level 1 and Level 3, or Level 2 and Level 3 related to derivative commodity contracts.

The Ameren Companies' carrying amounts of cash and cash equivalents approximate fair value because of the short-term nature of these instruments. They are considered to be Level 1 in the fair value hierarchy. The Ameren Companies' short-term borrowings also approximate fair value because of their short-term nature. Short-term borrowings are considered to be Level 2 in the fair value hierarchy as they are valued based on market rates for similar market transactions. The estimated fair value of long-term debt and preferred stock is based on the quoted market

prices for same or similar issuances for companies with similar credit profiles or on the current rates offered to the Ameren Companies for similar financial instruments, which fair value measurement is considered to be Level 2 in the fair value hierarchy.

Edgar Filing: AMEREN CORP - Form 10-Q

The following table presents the carrying amounts and estimated fair values of our long-term debt, capital lease obligations and preferred stock at June 30, 2017, and December 31, 2016:

	June 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Ameren:				
Long-term debt and capital lease obligations (including current portion)	\$7,399	\$7,942	\$7,276	\$7,772
Preferred stock ^(a)	142	131	142	131
Ameren Missouri:				
Long-term debt and capital lease obligations (including current portion)	\$3,966	\$4,310	\$3,994	\$4,304
Preferred stock	80	79	80	79
Ameren Illinois:				
Long-term debt (including current portion)	\$2,589	\$2,773	\$2,588	\$2,765
Preferred stock	62	52	62	52

(a) Preferred stock is recorded in "Noncontrolling Interests" on the consolidated balance sheet.

NOTE 8 – RELATED PARTY TRANSACTIONS

In the normal course of business, the Ameren Companies engage in affiliate transactions. These transactions primarily consist of power purchases and sales, services received or rendered, and borrowings and lendings. Transactions between affiliates are reported as intercompany transactions on their financial statements but are eliminated in consolidation for Ameren's financial statements. For a discussion of our material related party agreements, see Note 14 – Related Party Transactions under Part II, Item 8, of the Form 10-K and the money pool arrangements discussed in Note 3 – Short-term Debt and Liquidity of this report.

Electric Power Supply Agreement

In April 2017, Ameren Illinois conducted a procurement event, administered by the IPA, to purchase energy products. Ameren Missouri was among the winning suppliers in this event. As a result, in April 2017, Ameren Missouri and Ameren Illinois entered into an energy product agreement by which Ameren Missouri agreed to sell, and Ameren Illinois agreed to purchase, 85,600 megawatt-hours at an average price of \$34 per megawatt-hour during the period of March 1, 2019, through May 31, 2020.

The following table presents the impact on Ameren Missouri and Ameren Illinois of related party transactions for the three and six months ended June 30, 2017 and 2016:

Agreement	Income Statement Line Item		Three Months		Six Months	
			Ameren Missouri	Ameren Illinois	Ameren Missouri	Ameren Illinois
Ameren Missouri power supply agreements with Ameren Illinois	Operating Revenues	2017	\$ 6	\$ (a)	\$ 17	\$ (a)
		2016	3	(a)	12	(a)
	Operating Revenues	2017	6	1	13	2
		2016	7	1	13	2
Ameren Missouri and Ameren Illinois rent and facility services	Operating Revenues	2017	(b)	1	(b)	1
		2016	(b)	(b)	(b)	(b)
Ameren Missouri and Ameren Illinois miscellaneous support services	Total Operating Revenues	2017	\$ 12	\$ 2	\$ 30	\$ 3
		2016	10	1	25	2
Ameren Illinois power supply agreements with Ameren Missouri	Purchased Power	2017	\$ (a)	\$ 6	\$ (a)	\$ 17
		2016	(a)	3	(a)	12

Edgar Filing: AMEREN CORP - Form 10-Q

Ameren Illinois transmission services with ATXI	Purchased Power	2017	(a)	1	(a)	1
		2016	(a)	1	(a)	1
Total Purchased Power		2017	\$ (a)	\$ 7	\$ (a)	\$ 18
		2016	(a)	4	(a)	13
Ameren Services support services agreement	Other Operations and Maintenance	2017	\$ 34	\$ 34	\$ 69	\$ 66
		2016	32	30	66	61
Money pool borrowings (advances)	Interest Charges/Miscellaneous Income	2017	\$ (b)	\$ (b)	\$ (b)	\$ (b)
		2016	(b)	(b)	(b)	(b)

(a) Not applicable.

(b) Amount less than \$1 million.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

We are involved in legal, tax, and regulatory proceedings before various courts, regulatory commissions, authorities, and governmental agencies with respect to matters that arise in the ordinary course of business, some of which involve substantial amounts of money. We believe that the final disposition of these proceedings, except as otherwise disclosed in the notes to our financial statements in this report and in our Form 10-K, will not have a material adverse effect on our results of operations, financial position, or liquidity.

Reference is made to Note 1 – Summary of Significant Accounting Policies, Note 2 – Rate and Regulatory Matters, Note 14 – Related Party Transactions, and Note 15 – Commitments and Contingencies under Part II, Item 8, of the Form 10-K. See also Note 1 – Summary of Significant Accounting Policies, Note 2 – Rate and Regulatory Matters, Note 4 – Long-term Debt and Equity Financings, Note 8 – Related Party Transactions, and Note 10 – Callaway Energy Center of this report.

Other Obligations

In order to supply a portion of the fuel requirements of Ameren Missouri's energy centers, Ameren Missouri has entered into various long-term commitments for the procurement of coal, natural gas, nuclear fuel, and methane gas. Additionally, Ameren Missouri and Ameren Illinois have entered into various long-term commitments for purchased power and natural gas for distribution. At June 30, 2017, total obligations related to commitments for coal, natural gas, nuclear fuel, purchased power, methane gas, equipment, and meter reading services, among other agreements, at Ameren, Ameren Missouri, and Ameren Illinois were \$3,655 million, \$2,145 million, and \$1,444 million, respectively. For additional information regarding our obligations and commitments at December 31, 2016, see Note 15 – Commitments and Contingencies under Part II, Item 8 of the Form 10-K.

In April 2017, Ameren Illinois conducted a procurement event, administered by the IPA, to purchase energy products through May 31, 2020. In the April 2017 procurement event, Ameren Illinois contracted to purchase 4,249,800 megawatt-hours of energy products for \$128 million from June 1, 2017, through May 31, 2020. See Note 8 – Related Party Transactions for additional information regarding energy product agreements between Ameren Missouri and Ameren Illinois as a result of this procurement event.

Environmental Matters

We are subject to various environmental laws and regulations enforced by federal, state, and local authorities. The development and operation of electric generation, transmission, and distribution facilities and natural gas storage, transmission, and distribution facilities can trigger compliance obligations with respect to diverse environmental laws and regulations. These laws and regulations address emissions, discharges into water, water usage, impacts to air, land, and water, and chemical and waste handling. Complex and lengthy processes are required to obtain and renew approvals, permits, and licenses for new, existing or modified facilities. Additionally, the use and handling of various chemicals or hazardous materials require release prevention plans and emergency response procedures.

The EPA has promulgated environmental regulations that have a significant impact on the electric utility industry. Over time, compliance with these regulations could be costly for Ameren Missouri, which operates coal-fired power plants. As of December 31, 2016, Ameren Missouri's fossil-fueled energy centers represented 18% and 34% of Ameren's and Ameren Missouri's rate base, respectively. Recent regulations impacting air emissions from the electric utility industry include the revised NSPS, the CSAPR, the MATS and the revised National Ambient Air Quality Standards, which are subject to periodic review for certain pollutants. Collectively, these regulations cover a variety of pollutants such as SO₂, particulate matter, NO_x, mercury, toxic metals, and acid gases. Regulation of CO₂ emissions from existing power plants through the Clean Power Plan has been stayed by the United States Supreme Court, and the EPA is re-evaluating the legal and policy basis for the Clean Power Plan. Water intake and discharges from power plants are regulated under the Clean Water Act and potential modifications to water intake structures at Ameren Missouri's energy centers could result in significant capital expenditures. The management and disposal of coal ash is regulated under the CCR Rule, which will require the closure of surface impoundments and the installations of dry ash handling systems at several of Ameren Missouri's energy centers resulting in significant capital expenditures. The EPA has initiated an administrative review of several regulations and rulemaking activities, including the Clean Power Plan and the effluent limitation guidelines, which could ultimately result in the revision of all or part of such rules. The individual or combined effects of existing environmental regulations could result in significant capital expenditures

and increased operating costs for Ameren and Ameren Missouri. Compliance with existing environmental laws and regulations could be prohibitively expensive, result in the closure or alteration of the operation of some of Ameren Missouri's energy centers, or require further capital investment. Ameren and Ameren Missouri expect that such compliance costs would be recoverable through rates, subject to MoPSC prudence review, but the timing of costs and their recovery could be subject to regulatory lag.

Ameren Missouri's current plan for compliance with existing air emission regulations includes burning ultra-low-sulfur coal and installing new or optimizing existing pollution control equipment. Ameren and Ameren Missouri estimate that they will need to make capital expenditures of \$425 million to \$525 million in the aggregate from 2017 through 2021 in order to comply with existing environmental regulations. Ameren Missouri may be required to install additional environmental controls beyond 2021. This estimate of capital expenditures includes expenditures required for the CCR regulations, Clean Water Act rules applicable to cooling water intake structures at existing power

plants, and effluent limitation guidelines applicable to steam electric generating units, all of which are discussed below. This estimate does not include the potential impacts of the Clean Power Plan discussed below. The actual amount of capital expenditures required to comply with existing environmental regulations may vary substantially from the above estimate because of uncertainty as to whether the EPA will substantively revise regulatory obligations, the precise compliance strategies that will be used and their ultimate cost, among other things.

The following sections describe the more significant environmental laws and rules and environmental enforcement and remediation matters that affect or could affect our operations.

Clean Air Act

Federal and state laws require significant reductions in SO₂ and NO_x through either emission source reductions or the use and retirement of emission allowances. The first phase of the CSAPR emission reduction requirements became effective in 2015. The second phase of emission reduction requirements, which were revised by the EPA in 2016, became effective in 2017; additional emission reduction requirements may apply in subsequent years. To achieve compliance with the CSAPR, Ameren Missouri burns ultra-low-sulfur coal, operates two scrubbers at its Sioux energy center, and optimizes other existing pollution control equipment. Ameren Missouri did not make additional capital investments to comply with the 2017 CSAPR requirements. However, Ameren Missouri expects to incur additional costs to lower its emissions at one or more of its energy centers to comply with the CSAPR in future years. These higher costs are expected to be recovered from customers through the FAC or higher base rates.

CO₂ Emissions Standards

In 2015, the EPA issued the Clean Power Plan, which sets forth CO₂ emissions standards applicable to existing power plants. The rule was stayed by the United States Supreme Court in February 2016, pending the outcome of various legal challenges. In April 2017, the EPA announced that it is reviewing and, if appropriate, will initiate proceedings to suspend, revise, or rescind the Clean Power Plan. The United States Court of Appeals for the District of Columbia Circuit has stayed further action on the litigation that resulted from the Supreme Court's February 2016 stay of the Clean Power Plan pending the EPA's administrative review.

In its current form, the Clean Power Plan would require significant reductions in CO₂ emissions from power plants by 2030 including interim compliance periods commencing in 2022. The EPA has advised all states to discontinue implementation planning. We cannot predict the outcome of the EPA's administrative review or outcome of legal challenges, nor the resulting impact on our results of operations, financial position, or liquidity.

NSR and Clean Air Litigation

In January 2011, the Department of Justice, on behalf of the EPA, filed a complaint against Ameren Missouri in the United States District Court for the Eastern District of Missouri. The complaint, as amended in October 2013, alleged that in performing projects at its Rush Island coal-fired energy center in 2007 and 2010, Ameren Missouri violated provisions of the Clean Air Act and Missouri law. The litigation has been divided into two phases: liability and remedy. In January 2017, the district court issued a liability ruling that the projects violated provisions of the Clean Air Act and Missouri law. The case will now proceed to the second phase to determine the actions required to remedy the violations found in the liability phase of the litigation. The EPA previously withdrew all claims for penalties and fines. No date has been set by the district court for a trial on the remedy phase of the litigation. At the conclusion of both phases of the litigation, Ameren Missouri intends to appeal the liability ruling to the United States Court of Appeals for the Eighth Circuit.

The ultimate resolution of this matter could have a material adverse effect on the results of operations, financial position, and liquidity of Ameren and Ameren Missouri. Among other things, and subject to economic and regulatory considerations, resolution of this matter could result in increased capital expenditures for the installation of pollution control equipment, as well as increased operations and maintenance expenses. We are unable to predict the ultimate resolution of this matter or the costs that might be incurred.

Clean Water Act

In 2014, the EPA issued its final rule applicable to cooling water intake structures at existing power plants. The rule requires a case-by-case evaluation and plan for reducing aquatic organisms impinged on the facility's intake screens or entrained through the plant's cooling water system. All of Ameren Missouri's coal-fired and nuclear energy centers are subject to the cooling water intake structures rule. Implementation of the rule will occur during the permit renewal

process of each energy center's water discharge permit, which will occur between 2018 and 2023. Additionally, in 2015, the EPA issued a rule to revise the effluent limitation guidelines applicable to steam electric generating units. These guidelines established national standards for water discharges that are based on the effectiveness of available control technology. The EPA's 2015 rule prohibits effluent discharges of certain waste streams and imposes more stringent limitations on certain water discharges from

power plants. In April 2017, the EPA announced that it would review and reconsider the effluent limitation guidelines and administratively stayed all compliance deadlines.

Both the intake and effluent rules, if implemented as enacted, could have an adverse effect on Ameren's and Ameren Missouri's results of operations, financial position, and liquidity should such implementation require extensive modifications to the cooling water systems and water discharge systems at Ameren Missouri's energy centers, and if such investments are not recovered on a timely basis in electric rates charged to Ameren Missouri's customers.

Ash Management

In 2015, the EPA issued regulations regarding the management and disposal of CCR from coal-fired energy centers. These regulations affect CCR disposal and handling costs at Ameren Missouri's energy centers. They require closure of impoundments if performance criteria relating to groundwater impacts and location restrictions are not achieved. Ameren and Ameren Missouri's AROs associated with CCR storage facilities reflect the regulations issued in 2015. Ameren plans to close these CCR storage facilities between 2018 and 2024. Ameren Missouri's capital expenditure plan includes the cost of constructing landfills as part of its environmental compliance plan.

Remediation

The Ameren Companies are involved in a number of remediation actions to clean up sites impacted by the use or disposal of materials containing hazardous substances. Federal and state laws can require responsible parties to fund remediation regardless of their degree of fault, the legality of original disposal, or the ownership of a disposal site. Ameren Missouri and Ameren Illinois have each been identified by federal or state governments as a potentially responsible party at several contaminated sites.

As of June 30, 2017, Ameren Illinois owned or was otherwise responsible for 44 former MGP sites in Illinois, which are in various stages of investigation, evaluation, remediation, and closure. Ameren Illinois estimates it could substantially conclude remediation efforts by 2023. The ICC allows Ameren Illinois to recover remediation and litigation costs associated with its former MGP sites from its electric and natural gas utility customers through environmental adjustment rate riders. Costs are subject to annual review by the ICC. As of June 30, 2017, Ameren Illinois estimated the obligation related to these former MGP sites at \$188 million to \$256 million. Ameren and Ameren Illinois recorded a liability of \$188 million to represent the estimated minimum obligation for these sites, as no other amount within the range was a better estimate.

The scope of the remediation activities at these former MGP sites may increase as remediation efforts continue. Considerable uncertainty remains in these estimates because many site-specific factors can influence the ultimate actual costs, including unanticipated underground structures, the degree to which groundwater is encountered, regulatory changes, local ordinances, and site accessibility. The actual costs and timing of completion may vary substantially from these estimates.

Ameren Missouri participated in the investigation of various sites known as Sauget Area 2, located in Sauget, Illinois. In 2000, the EPA notified Ameren Missouri and numerous other companies that former landfills and lagoons at those sites may contain soil and groundwater contamination. From about 1926 until 1976, Ameren Missouri operated an energy center adjacent to Sauget Area 2. Ameren Missouri currently owns a parcel of property at Sauget Area 2 that was once used by others as a landfill.

In 2013, the EPA issued its record of decision for Sauget Area 2, approving the investigation and the remediation actions recommended by the potentially responsible parties. Further negotiation among the potentially responsible parties will determine how to fund the implementation of the EPA-approved remedies. As of June 30, 2017, Ameren Missouri estimated its obligation related to Sauget Area 2 at \$1 million to \$2.5 million. Ameren Missouri recorded a liability of \$1 million to represent its estimated minimum obligation for this site, as no other amount within the range was a better estimate.

Our operations or those of our predecessor companies involve the use of, disposal of, and, in appropriate circumstances, the cleanup of substances regulated under environmental laws. We are unable to determine whether such practices will result in future environmental commitments or will affect our results of operations, financial position, or liquidity.

Ameren Missouri Municipal Taxes

The cities of Creve Coeur and Winchester, Missouri, on behalf of themselves and other municipalities in Ameren Missouri's service area, filed a class action lawsuit in 2011 against Ameren Missouri in the Circuit Court of St. Louis County, Missouri. The lawsuit alleges that Ameren Missouri failed to pay gross receipts taxes or license fees on certain revenues, including revenues from wholesale power and interchange sales. Ameren and Ameren Missouri recorded immaterial liabilities on their respective balance sheets as of June 30, 2017, and December 31, 2016, representing their estimate of the probable loss due as a result of this lawsuit. Ameren and Ameren Missouri believe there is a remote possibility that a liability relating to this lawsuit could be material to Ameren's and Ameren Missouri's results of operations, financial position,

and liquidity. Ameren Missouri believes its defenses are meritorious and is defending itself vigorously. However, there can be no assurances that Ameren Missouri will be successful in its efforts. A 2018 trial has been set, and an order is expected later that year.

NOTE 10 – CALLAWAY ENERGY CENTER

Spent Nuclear Fuel

Under the NWPA, the DOE is responsible for disposing of spent nuclear fuel from the Callaway energy center and other commercial nuclear energy centers. The NWPA established the fee that Ameren Missouri and other utilities that own and operate those energy centers pay the federal government for disposing of the spent nuclear fuel at one mill, or one-tenth of one cent, for each kilowatthour generated and sold by those plants. The NWPA also requires the DOE to review the nuclear waste fee annually against the cost of the nuclear waste disposal program and to propose to the United States Congress any fee adjustment necessary to offset the costs of the program. As required by the NWPA, Ameren Missouri and other utilities have entered into standard contracts with the DOE. Consistent with the NWPA and its standard contract, which stated that the DOE would begin to dispose of spent nuclear fuel by 1998, Ameren Missouri had historically collected one mill from its electric customers for each kilowatthour of electricity that it generated and sold from its Callaway energy center. Because the federal government is not meeting its disposal obligation, the collection of this fee was suspended in May 2014. The DOE's delay in carrying out its obligation to dispose of spent nuclear fuel from the Callaway energy center is not expected to adversely affect the continued operations of the energy center.

As a result of the DOE's failure to fulfill its contractual obligations, Ameren Missouri and other nuclear energy center owners sued the DOE to recover costs incurred for ongoing storage of their spent fuel. The lawsuit resulted in a settlement agreement that provides for annual reimbursement of additional spent fuel storage and related costs. For the six months ended June 30, 2017 and 2016, Ameren Missouri did not receive any such reimbursements. Ameren Missouri will continue to apply for reimbursement from the DOE for allowable costs associated with the ongoing storage of spent fuel.

Decommissioning

Electric utility rates charged to customers provide for the recovery of the Callaway energy center's decommissioning costs, which include decontamination, dismantling, and site restoration costs, over the expected life of the nuclear energy center. Amounts collected from customers are deposited into the external nuclear decommissioning trust fund to provide for the Callaway energy center's decommissioning. It is assumed that the Callaway energy center site will be decommissioned through the immediate dismantlement method and removed from service. Ameren and Ameren Missouri have recorded an ARO for the Callaway energy center decommissioning costs at fair value, which represents the present value of estimated future cash outflows. Annual decommissioning costs of \$7 million are included in the costs used to establish electric rates for Ameren Missouri's customers. Every three years, the MoPSC requires Ameren Missouri to file an updated cost study and funding analysis for decommissioning its Callaway energy center. In April 2016, the MoPSC approved no change in the annual decommissioning costs used to establish electric rates.

The fair value of the trust fund for Ameren Missouri's Callaway energy center is reported as "Nuclear decommissioning trust fund" in Ameren's and Ameren Missouri's balance sheets. This amount is legally restricted and may be used only to fund the costs of nuclear decommissioning. Changes in the fair value of the trust fund are recorded as an increase or decrease to the nuclear decommissioning trust fund, with an offsetting adjustment to the related regulatory liability. If the assumed return on trust assets is not earned, Ameren Missouri believes that it is probable that any such earnings deficiency will be recovered in rates.

Supplier of Fuel Assemblies

The next scheduled refueling and maintenance outage at Ameren Missouri's Callaway energy center will be in fall 2017. The Callaway energy center uses nuclear fuel assemblies fabricated by Westinghouse. Ameren Missouri has received all necessary fuel assemblies for the fall 2017 refueling and maintenance outage. Westinghouse is currently the only NRC-licensed supplier authorized to provide fuel assemblies to the Callaway energy center. During the first quarter of 2017, Westinghouse filed voluntary petitions for a court-supervised restructuring process under Chapter 11 of the United States Bankruptcy Code. Westinghouse could petition the bankruptcy court to reject Ameren Missouri's contracts as part of the restructuring process, and if the bankruptcy court agrees, this could result in Ameren Missouri

not having access to the fuel assemblies necessary to refuel the Callaway energy center in future scheduled refueling and maintenance outages. At this time, Ameren and Ameren Missouri believe the restructuring proceeding will not affect Westinghouse's performance under the terms of its existing contracts with Ameren Missouri, and therefore do not expect any material impact to Ameren Missouri's operations as a result of this restructuring proceeding. However, Ameren and Ameren Missouri could incur material unexpected costs as a result of the Westinghouse bankruptcy, such as the loss of fuel inventory that is stored at Westinghouse's facility and the cost of replacement power. A change of fuel suppliers or a change in the type of fuel assembly design that is currently licensed for use at the Callaway energy center could take an estimated three years of analysis and NRC licensing efforts to implement.

Insurance

The following table presents insurance coverage at Ameren Missouri's Callaway energy center at June 30, 2017. The property coverage and the nuclear liability coverage renewal dates are April 1 and January 1, respectively, of each year. Both coverages were renewed in 2017.

Type and Source of Coverage	Maximum Coverages	Maximum Assessments for Single Incidents
Public liability and nuclear worker liability:		
American Nuclear Insurers	\$ 450	\$ —
Pool participation	12,986	(a) 127 (b)
	\$ 13,436	(c) \$ 127
Property damage:		
NEIL and EMANI	\$ 3,200	(d) \$ 29 (e)
Replacement power:		
NEIL	\$ 490	(f) \$ 7 (e)

(a) Provided through mandatory participation in an industrywide retrospective premium assessment program.

Retrospective premium under the Price-Anderson Act. This is subject to retrospective assessment with respect to a (b) covered loss in excess of \$450 million in the event of an incident at any licensed United States commercial reactor, payable at \$19 million per year.

Limit of liability for each incident under the Price-Anderson liability provisions of the Atomic Energy Act of 1954, (c) as amended. This limit is subject to change to account for the effects of inflation and changes in the number of licensed reactors.

NEIL provides \$2.7 billion in property damage, stabilization, decontamination, and premature decommissioning (d) insurance for radiation events and \$2.3 billion in property damage for nonradiation events. EMANI provides \$490 million for both radiation and nonradiation events.

(e) All NEIL insured plants could be subject to assessments should losses exceed the accumulated funds from NEIL.

Provides replacement power cost insurance in the event of a prolonged accidental outage. Weekly indemnity up to

(f) \$4.5 million for 52 weeks, which commences after the first twelve weeks of an outage, plus up to \$3.6 million per week for a minimum of 71 weeks thereafter for a total not exceeding the policy limit of \$490 million. Nonradiation events are limited to \$328 million.

The Price-Anderson Act is a federal law that limits the liability for claims from an incident involving any licensed United States commercial nuclear energy center. The limit is based on the number of licensed reactors. The limit of liability and the maximum potential annual payments are adjusted at least every five years for inflation to reflect changes in the Consumer Price Index. The most recent five-year inflationary adjustment became effective in September 2013. Owners of a nuclear reactor cover this exposure through a combination of private insurance and mandatory participation in a financial protection pool, as established by the Price-Anderson Act.

Losses resulting from terrorist attacks on nuclear facilities are subject to industrywide aggregates, such that terrorist acts against one or more commercial nuclear power plants insured by NEIL or EMANI within a stated time period would be treated as a single event, and the owners of the nuclear power plants would share one full limit of liability. NEIL policies have an aggregate limit of \$3.2 billion within a 12-month period for radiation events, or \$1.8 billion for events not involving radiation contamination. The EMANI policies have an aggregate limit of €600 million for radiation and nonradiation events within a period of 72 hours.

If losses from a nuclear incident at the Callaway energy center exceed the limits of, or are not covered by insurance, or if coverage is unavailable, Ameren Missouri is at risk for any uninsured losses. If a serious nuclear incident were to occur, it could have a material adverse effect on Ameren's and Ameren Missouri's results of operations, financial position, or liquidity.

NOTE 11 – RETIREMENT BENEFITS

The following table presents the components of the net periodic benefit cost (benefit) incurred for Ameren's pension and postretirement benefit plans for the three and six months ended June 30, 2017 and 2016:

Pension Benefits

Edgar Filing: AMEREN CORP - Form 10-Q

	Postretirement Benefits							
	Three Months				Six Months			
	2017	2016	2017	2016	2017	2016	2017	2016
Service cost	\$23	\$20	\$46	\$40	\$5	\$5	\$10	\$10
Interest cost	45	45	90	92	11	12	23	24
Expected return on plan assets	(65)	(63)	(131)	(126)	(18)	(18)	(37)	(36)
Amortization of:								
Prior service benefit	—	—	—	—	(1)	(1)	(2)	(2)
Actuarial loss (gain)	13	7	27	16	(1)	(2)	(3)	(5)
Net periodic benefit cost (benefit)	\$16	\$9	\$32	\$22	\$(4)	\$(4)	\$(9)	\$(9)

32

Ameren Missouri and Ameren Illinois are responsible for their respective shares of Ameren's pension and postretirement costs. The following table presents the pension costs and the postretirement benefit costs (benefit) incurred for the three and six months ended June 30, 2017 and 2016:

	Pension Benefits				Postretirement Benefits			
	Three Months		Six Months		Three Months		Six Months	
	2017	2016	2017	2016	2017	2016	2017	2016
Ameren Missouri ^(a)	\$6	\$5	\$12	\$13	\$(1)	\$(1)	\$(2)	\$(2)
Ameren Illinois	10	6	20	11	(3)	(3)	(7)	(7)
Other	—	(2)	—	(2)	—	—	—	—
Ameren ^{(a)(b)}	\$16	\$9	\$32	\$22	\$(4)	\$(4)	\$(9)	\$(9)

Does not include the impact of the regulatory tracking mechanism for the difference between the level of pension (a) and postretirement benefit costs incurred by Ameren Missouri under GAAP and the level of such costs included in rates.

(b) Includes amounts for Ameren registrants and nonregistrant subsidiaries.

NOTE 12 – SEGMENT INFORMATION

Ameren has four segments: Ameren Missouri, Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, and Ameren Transmission. The Ameren Missouri segment includes all of the operations of Ameren Missouri. Ameren Illinois Electric Distribution consists of the electric distribution business of Ameren Illinois. Ameren Illinois Natural Gas consists of the natural gas business of Ameren Illinois. Ameren Transmission is primarily composed of the aggregated electric transmission businesses of Ameren Illinois and ATXI. The category called Other primarily includes Ameren parent company activities and Ameren Services.

Ameren Missouri has one segment. Ameren Illinois has three segments: Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, and Ameren Illinois Transmission. See Note 1 – Summary of Significant Accounting Policies for additional information regarding the operations of Ameren Missouri, Ameren Illinois, and ATXI.

Segment operating revenues and a majority of operating expenses are directly recognized and incurred by Ameren Illinois to each Ameren Illinois segment. Common operating expenses, miscellaneous income and expenses, interest charges, and income tax expense are allocated by Ameren Illinois to each Ameren Illinois segment based on certain factors, which primarily relate to the nature of the cost. Additionally, Ameren Illinois Transmission earns revenue from transmission service provided to Ameren Illinois Electric Distribution. The transmission expense for Illinois customers who have elected to purchase their power from Ameren Illinois is recovered through a cost recovery mechanism with no net effect on Ameren Illinois Electric Distribution earnings, as costs are offset by corresponding revenues. Transmission revenues from these transactions are reflected at Ameren Transmission and Ameren Illinois Transmission. An intersegment elimination at Ameren and Ameren Illinois occurs to eliminate these transmission revenues and expenses.

The following tables present revenues, net income attributable to common shareholders, and capital expenditures by segment at Ameren and Ameren Illinois for the three and six months ended June 30, 2017 and 2016. Ameren, Ameren Missouri, and Ameren Illinois management review segment capital expenditure information rather than any individual or total asset amount.

Ameren

Three Months	Ameren Missouri	Ameren Illinois Electric Distribution	Ameren Illinois Natural Gas	Ameren Transmission	Other	Intersegment Eliminations	Consolidated
2017							
External revenues	\$ 923	\$ 387	\$ 134	\$ 92	\$ 2	\$ —	\$ 1,538
Intersegment revenues	12	2	—	13	(a) —	(27)	—
Net income attributable to Ameren common shareholders	120	33	5	34	(b) 1	—	193
Capital expenditures	159	122	58	156	1	(2)	494
2016							
External revenues	\$ 857	\$ 357	\$ 131	\$ 81	\$ 1	\$ —	\$ 1,427
Intersegment revenues	10	1	—	11	(a) —	(22)	—
Net income attributable to Ameren common shareholders	92	18	7	32	(b) (2)	—	147
Capital expenditures	175	119	45	164	1	—	504
Six Months							
2017							
External revenues	\$ 1,695	\$ 771	\$ 398	\$ 188	\$ —	\$ —	\$ 3,052
Intersegment revenues	30	3	—	19	(a) —	(52)	—
Net income attributable to Ameren common shareholders	125	63	38	68	(b) 1	—	295
Capital expenditures	355	242	109	290	5	(3)	998
2016							
External revenues	\$ 1,583	\$ 708	\$ 416	\$ 153	\$ 1	\$ —	\$ 2,861
Intersegment revenues	25	2	—	22	(a) —	(49)	—
Net income attributable to Ameren common shareholders	106	29	42	59	(b) 16	—	252
Capital expenditures	353	236	80	328	3	—	1,000

(a) Ameren Transmission earns revenue from transmission service provided to Ameren Illinois Electric Distribution.

(a) See discussion of transactions above.

(b) Ameren Transmission earnings include an allocation of financing costs from Ameren (parent).

Ameren Illinois

Three Months	Ameren Illinois Electric Distribution	Ameren Illinois Natural Gas	Ameren Illinois Transmission	Intersegment Eliminations	Consolidated
2017					
External revenues	\$ 389	\$ 134	\$ 53	\$ —	\$ 576
Intersegment revenues	—	—	12	^(a) (12)	—
Net income available to common shareholder	33	5	19	—	57
Capital expenditures	122	58	77	—	257
2016					
External revenues	\$ 358	\$ 131	\$ 53	\$ —	\$ 542
Intersegment revenues	—	—	10	^(a) (10)	—
Net income available to common shareholder	18	7	20	—	45
Capital expenditures	119	45	67	—	231
Six Months					
2017					
External revenues	\$ 774	\$ 398	\$ 107	\$ —	\$ 1,279
Intersegment revenues	—	—	18	^(a) (18)	—
Net income available to common shareholder	63	38	35	—	136
Capital expenditures	242	109	133	—	484
2016					
External revenues	\$ 710	\$ 416	\$ 93	\$ —	\$ 1,219
Intersegment revenues	—	—	21	^(a) (21)	—
Net income available to common shareholder	29	42	33	—	104
Capital expenditures	236	80	126	—	442

^(a) Ameren Illinois Transmission earns revenue from transmission service provided to Ameren Illinois Electric Distribution. See discussion of transactions above.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the financial statements contained in this Form 10-Q, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors contained in the Form 10-K. We intend for this discussion to provide the reader with information that will assist in understanding our financial statements, the changes in certain key items in those financial statements, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements. The discussion also provides information about the financial results of our business segments to provide a better understanding of how those segments and their results affect the financial condition and results of operations of Ameren as a whole. Also see the Glossary of Terms and Abbreviations at the front of this report and in the Form 10-K.

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company under PUHCA 2005. Ameren's primary assets are its equity interests in its subsidiaries. Ameren's subsidiaries are separate, independent legal entities with separate businesses, assets, and liabilities. Dividends on Ameren's common stock and the payment of expenses by Ameren depend on distributions made to it by its subsidiaries. Ameren's principal subsidiaries, Ameren Missouri, Ameren Illinois, and ATXI, are described below. Ameren also has other subsidiaries that conduct other activities, such as the provision of shared services. Ameren is also evaluating competitive electric transmission investment opportunities outside of MISO as they arise.

Union Electric Company, doing business as Ameren Missouri, operates a rate-regulated electric generation, transmission, and distribution business and a rate-regulated natural gas distribution business in Missouri.

Ameren Illinois Company, doing business as Ameren Illinois, operates rate-regulated electric transmission, electric distribution, and natural gas distribution businesses in Illinois.

ATXI operates a FERC rate-regulated electric transmission business. ATXI is developing MISO-approved electric transmission projects, including the Illinois Rivers, Spoon River, and Mark Twain projects.

Ameren's financial statements are prepared on a consolidated basis and therefore include the accounts of its majority-owned subsidiaries. All intercompany transactions have been eliminated. Ameren Missouri and Ameren Illinois have no subsidiaries. All tabular dollar amounts are in millions, unless otherwise indicated.

In addition to presenting results of operations and earnings amounts in total, we present certain information in cents per diluted share. These amounts reflect factors that directly affect Ameren's earnings. We believe this per diluted share information helps readers to understand the impact of these factors on Ameren's earnings per share.

OVERVIEW

Net income attributable to Ameren common shareholders was \$193 million in the three months ended June 30, 2017, compared with \$147 million in the year-ago period. Net income attributable to Ameren common shareholders was \$295 million in six months ended June 30, 2017, compared with \$252 million in the year-ago period. Net income was favorably affected in the three and six months ended June 30, 2017, compared to the year-ago periods, by an increase in base rates and lower base level of tracked expenses at Ameren Missouri pursuant to the MoPSC's March 2017 electric rate order as well as by a change in the method used to recognize interim period revenue related to Ameren Illinois Electric Distribution's revenue requirement reconciliation in connection with the decoupling provisions of the FEJA. Earnings were also favorably affected by the absence in 2017 of costs associated with the Callaway energy center's scheduled refueling and maintenance outage in 2016 and increased Ameren Transmission and Ameren Illinois Electric Distribution investment, reflecting Ameren's strategy to allocate incremental capital to those businesses. Mild temperatures in 2017 and increased depreciation and amortization expenses unfavorably affected net income in the three and six months ended June 30, 2017, compared to the year-ago periods. Additionally, in the six months ended June 30, 2017, compared with the year-ago period, earnings were affected by an increase in the effective tax rate primarily due to a decrease in the income tax benefit recorded at Ameren (parent) related to share-based compensation.

Ameren's strategic plan includes investing in, and operating its utilities in, a manner consistent with existing regulatory frameworks, enhancing those frameworks, and advocating for responsible energy and economic policies, as well as creating and capitalizing on opportunities for investment for the benefit of its customers and shareholders. Ameren

remains focused on disciplined cost management and strategic capital allocation. In the first six months of 2017, Ameren continued to allocate significant amounts of capital to those businesses that are supported by constructive regulatory frameworks, investing more than \$640 million of capital expenditures in its FERC rate-regulated electric transmission and Illinois electric and natural gas distribution businesses.

In March 2017, the MoPSC issued an order approving a unanimous stipulation and agreement in Ameren Missouri's July 2016 regulatory rate review. The electric rate order resulted in a \$92 million increase in Ameren Missouri's revenue requirement, a \$54 million decrease in the base level of net energy costs, and a \$26 million reduction in the base level of certain tracked expenses, compared to the amounts in the MoPSC's April 2015 rate order. The new rates and base level of expenses became effective on April 1, 2017.

Ameren Illinois invested approximately \$350 million in electric distribution and natural gas infrastructure projects in the first six months of 2017. In April 2017, Ameren Illinois filed with the ICC its annual electric distribution service formula rate update to establish the revenue requirement used for 2018 rates. In June 2017, the ICC staff submitted its calculation of the revenue requirement, which Ameren Illinois supported in its revised July 2017 filing, and recommended a decrease to the electric distribution service revenue requirement. Pending ICC approval, this update filing will result in a \$17 million decrease in Ameren Illinois' electric distribution service revenue requirement beginning in January 2018. This update reflects an increase to the annual formula rate based on 2016 actual costs and expected net plant additions for 2017, as well as an increase to include the 2016 revenue requirement reconciliation adjustment. The increases in the update filing are more than offset by a decrease for the conclusion of the 2015 revenue requirement reconciliation adjustment, which will be fully collected from customers in 2017. An ICC decision on the revenue requirement to be used for 2018 rates is expected by December 2017.

In the first six months of 2017, Ameren Transmission invested \$290 million in FERC rate-regulated electric transmission projects, including the Illinois Rivers project, the Spoon River project, and Ameren Illinois' transmission projects to maintain and improve reliability. ATXI's construction activities for its Illinois Rivers and Spoon River projects are continuing on schedule and are expected to be completed by 2019 and 2018, respectively. Related to its Mark Twain project, in April 2017, ATXI reached agreements in principle with a cooperative electric company in northeast Missouri and with Ameren Missouri to locate the majority of that project on existing transmission line corridors, resulting in a proposed alternative project route. ATXI is in the process of finalizing the proposed alternative project route and plans to request assents for road crossings from the five affected counties in the third quarter of 2017. If all five county commissions provide assents for the proposed alternative project route, ATXI will then seek MoPSC approval.

In June 2017, pursuant to a note purchase agreement, ATXI agreed to issue \$450 million principal amount of 3.43% senior unsecured notes due 2050 through a private placement offering. ATXI issued \$150 million principal amount of the notes in June 2017 and has agreed to issue \$300 million principal amount of the notes in August 2017, subject to certain conditions. The proceeds of the notes were and will be used by ATXI to repay existing short-term and long-term affiliate debt owed to Ameren (parent).

RESULTS OF OPERATIONS

Our results of operations and financial position are affected by many factors. Economic conditions, energy efficiency investments by our customers and us, and the actions of key customers can significantly affect the demand for our services. Ameren and Ameren Missouri results are also affected by seasonal fluctuations in winter heating and summer cooling demands as well as by nuclear refueling and other energy center maintenance outages. Additionally, fluctuations in interest rates and conditions in the capital and credit markets affect our cost of borrowing and our pension and postretirement benefits costs. Almost all of Ameren's revenues are subject to state or federal regulation. This regulation has a material impact on the prices we charge for our services. Our results of operations, financial position, and liquidity are affected by our ability to align our overall spending, both operating and capital, with regulatory frameworks established by our regulators.

Ameren Missouri principally uses coal, nuclear fuel, and natural gas for fuel in its electric operations and purchases natural gas for its customers. Ameren Illinois purchases power and natural gas for its customers. The prices for these commodities can fluctuate significantly because of the global economic and political environment, weather, supply, demand, and many other factors. As described below, we have natural gas cost recovery mechanisms for our Illinois and Missouri natural gas distribution service businesses, a purchased power cost recovery mechanism for Ameren Illinois' electric distribution service business, and a FAC for Ameren Missouri's electric utility business.

Ameren Missouri's FAC cost recovery mechanism allows it to recover or refund, through customer rates, 95% of changes in net energy costs greater or less than the amount set in base rates without a traditional rate proceeding, subject to MoPSC prudence reviews, with the remaining 5% of changes retained by Ameren Missouri. Net energy costs, as defined in the FAC, include fuel and purchased power costs net of off-system sales. Ameren Missouri accrues net energy costs that exceed the amount set in base rates (FAC under-recovery) as a regulatory asset. Net recovery of these costs through customer rates does not affect Ameren Missouri's electric margins, as any change in revenue is offset by a corresponding change in fuel expense to reduce the previously recognized FAC regulatory asset.

See the definition of margin in the Electric and Natural Gas Margins section below. Ameren Missouri also has a cost recovery mechanism for natural gas purchased on behalf of its customers. These pass-through purchased gas costs do not affect Ameren Missouri's natural gas margins as any change in costs is offset by a corresponding change in revenues.

Ameren Illinois' electric distribution service business has cost recovery mechanisms for power purchased and transmission services incurred on behalf of its customers. Ameren Illinois' natural gas business has a cost recovery mechanism for natural gas purchased on behalf of its customers. These pass-through costs do not affect Ameren Illinois' electric or natural gas margins, as any change in costs is offset by a corresponding change in revenues.

Under Illinois law, Ameren Illinois' electric distribution service rates are subject to an annual revenue requirement reconciliation to its actual recoverable costs and allowed return on equity. These recoverable electric distribution costs include other operations and maintenance expenses, depreciation and amortization, taxes other than income taxes, interest charges, and income taxes. These recoverable costs do not include those costs recovered through separate cost recovery mechanisms. A portion of the electric distribution costs included in those income statement line items are not recoverable based on the IEIMA's formula rate framework. If a given year's revenue requirement is

greater than the revenue requirement reflected in that year's customer rates, an increase to electric operating revenues with an offset to a regulatory asset is recorded to reflect the expected recovery of those additional amounts from customers within two years. If a given year's revenue requirement is less than the revenue requirement reflected in that year's customer rates, a reduction to electric operating revenues with an offset to a regulatory liability is recorded to reflect the expected refund to customers within two years.

Ameren Illinois' electric distribution service revenue requirement is, in part, based on year-end rate base and capital structure, which currently includes 50% common equity. It also includes a formula for the return on equity, which is equal to the average of the monthly yields of 30-year United States Treasury bonds plus 580 basis points. Therefore, Ameren Illinois' annual return on equity for its electric distribution business is directly correlated to yields on United States Treasury bonds. Beginning in 2017, the FEJA also provides that Ameren Illinois recovers, within the following two years, its electric distribution revenue requirement for a given year, independent of actual sales volumes.

The provisions of FERC's electric transmission formula rate framework provide for an annual reconciliation of the electric transmission service revenue requirement, which reflects the actual recoverable costs incurred and the 13-month average rate base for a given year, with the revenue requirement in customer rates, including an allowed return on equity. These recoverable transmission costs are included in other operations and maintenance expenses, depreciation and amortization, taxes other than income taxes, interest charges, and income taxes. A portion of the transmission costs included in those income statement line items are not recoverable based on the FERC formula rate framework. Ameren Illinois and ATXI use a company-specific, forward-looking rate formula framework in setting their transmission rates. These rates are updated each January with forecasted information. If a given year's revenue requirement is greater than the revenue requirement reflected in that year's customer rates, an increase to electric operating revenues with an offset to a regulatory asset is recorded to reflect the expected recovery of those additional amounts from customers within two years. If a given year's revenue requirement is less than the revenue requirement reflected in that year's customer rates, a reduction to electric operating revenues with an offset to a regulatory liability is recorded to reflect the expected refund to customers within two years.

The total return on equity currently allowed for Ameren Illinois' and ATXI's electric transmission service businesses is 10.82% and is subject to a FERC complaint case. See Note 2 – Rate and Regulatory Matters under Part I, Item 1, of this report for additional information.

We employ various risk management strategies to reduce our exposure to commodity risk and other risks inherent in our business. The reliability of Ameren Missouri's energy centers and our transmission and distribution systems and the level and timing of operations and maintenance costs and capital investment are key factors that we seek to manage in order to optimize our results of operations, financial position, and liquidity.

Earnings Summary

The following table presents a summary of Ameren's earnings for the three and six months ended June 30, 2017 and 2016:

	Three Months		Six Months	
	2017	2016	2017	2016
Net income attributable to Ameren common shareholders	\$193	\$147	\$295	\$252
Earnings per common share – basic and diluted	0.79	0.61	1.21	1.04

Net income attributable to Ameren common shareholders increased \$46 million, or 18 cents per diluted share, in the three months ended June 30, 2017, compared with the year-ago period. The increase was principally due to net income increases of \$28 million, \$15 million, and \$2 million at Ameren Missouri, Ameren Illinois Electric Distribution, and Ameren Transmission, respectively.

Net income attributable to Ameren common shareholders increased \$43 million, or 17 cents per diluted share, in the six months ended June 30, 2017, compared with the year-ago period. The increase was due to net income increases of \$34 million, \$19 million, and \$9 million at Ameren Illinois Electric Distribution, Ameren Missouri, and Ameren Transmission, respectively. The increase was partially offset by a decrease in net income of \$15 million for activity not reported as part of a segment, primarily at Ameren (parent), and a decrease in net income of \$4 million at Ameren

Illinois Natural Gas.

Earnings per diluted share were favorably affected in the three and six months ended June 30, 2017, compared to the year-ago periods by:

a change in the method used to recognize Ameren Illinois Electric Distribution's interim period revenue in connection with the decoupling provisions of the FEJA as discussed in Note 2 – Rate and Regulatory Matters under Part I, Item 1, of this report (4 cents per share and 12 cents per share, respectively);

an increase in base rates and lower base level of expenses at Ameren Missouri pursuant to the MoPSC's March 2017 electric rate order as discussed in Note 2 – Rate and Regulatory Matters under Part I, Item 1, of this report (11 cents per share for both periods);

38

the absence in 2017 of costs associated with the Callaway energy center's scheduled refueling and maintenance outage in the second quarter of 2016. The 2017 refueling and maintenance outage is scheduled for the fall (7 cents per share and 8 cents per share, respectively);

increased Ameren Transmission earnings under formula ratemaking, primarily due to additional rate base (2 cents per share and 4 cents per share, respectively); and

increased Ameren Illinois Electric Distribution earnings under formula ratemaking, primarily due to additional rate base investment as well as a higher recognized return on equity (1 cent per share and 2 cents per share, respectively).

Earnings per diluted share were unfavorably affected in the three and six months ended June 30, 2017, compared to the year-ago periods (except where a specific period is referenced), by:

decreased demand primarily at Ameren Missouri due to milder winter and early summer temperatures in 2017 (estimated at 5 cents per share and 8 cents per share, respectively);

an increase in the effective tax rate primarily due to a decrease in the income tax benefit recorded at Ameren (parent) related to share-based compensation (5 cents per share for the six months ended June 30, 2017); and

increased depreciation and amortization expenses at Ameren Missouri resulting from additional electric property, plant, and equipment, as multiple projects were completed in 2016 (1 cent per share and 3 cents per share, respectively).

The cents per share information presented is based on the average diluted shares outstanding in the three and six months ended June 30, 2016. Amounts have been presented net of income taxes using Ameren's 2016 statutory tax rate of 39%. For additional details regarding the Ameren Companies' results of operations, including explanations of Electric and Natural Gas Margins, Other Operations and Maintenance Expenses, Depreciation and Amortization, Taxes Other Than Income Taxes, Other Income and Expenses, Interest Charges, and Income Taxes, see the major headings below.

Edgar Filing: AMEREN CORP - Form 10-Q

Below is Ameren's table of income statement components by segment for the three and six months ended June 30, 2017 and 2016:

	Ameren Missouri	Ameren Illinois Electric Distribution	Ameren Illinois Natural Gas	Ameren Transmission	Other / Intersegment Eliminations	Total
Three Months 2017:						
Electric margins	\$ 656	\$ 289	\$ —	\$ 105	\$ (5)	\$ 1,045
Natural gas margins	17	—	98	—	(1)	114
Other revenues	—	1	—	—	(1)	—
Other operations and maintenance	(219)	(142)	(54)	(15)	8	(422)
Depreciation and amortization	(132)	(59)	(15)	(15)	(1)	(222)
Taxes other than income taxes	(85)	(18)	(10)	(2)	(2)	(117)
Other income (expense)	9	1	—	—	(1)	9
Interest charges	(53)	(18)	(9)	(16)	(3)	(99)
Income (taxes) benefit	(72)	(21)	(4)	(23)	6	(114)
Net income (loss)	121	33	6	34	—	194
Noncontrolling interests – preferred stock dividends	(1)	—	(1)	—	1	(1)
Net income attributable to Ameren common shareholders	\$ 120	\$ 33	\$ 5	\$ 34	\$ 1	\$ 193
Three Months 2016:						
Electric margins	\$ 628	\$ 258	\$ —	\$ 92	\$ (5)	\$ 973
Natural gas margins	17	—	96	—	(1)	112
Other operations and maintenance	(238)	(137)	(49)	(15)	4	(435)
Depreciation and amortization	(127)	(58)	(13)	(10)	(2)	(210)
Taxes other than income taxes	(83)	(18)	(11)	(1)	(2)	(115)
Other income (expense)	7	3	—	—	—	10
Interest charges	(53)	(19)	(9)	(13)	(1)	(95)
Income (taxes) benefit	(58)	(11)	(6)	(21)	4	(92)
Net income (loss)	93	18	8	32	(3)	148
Noncontrolling interests – preferred stock dividends	(1)	—	(1)	—	1	(1)
Net income (loss) attributable to Ameren common shareholders	\$ 92	\$ 18	\$ 7	\$ 32	\$ (2)	\$ 147
Six Months 2017:						
Electric margins	\$ 1,105	\$ 567	\$ —	\$ 207	\$ (14)	\$ 1,865
Natural gas margins	41	—	252	—	(1)	292
Other revenues	—	1	—	—	(1)	—
Other operations and maintenance	(431)	(273)	(107)	(31)	15	(827)
Depreciation and amortization	(265)	(118)	(29)	(29)	(2)	(443)
Taxes other than income taxes	(160)	(36)	(31)	(3)	(5)	(235)
Other income (expense)	19	—	(2)	—	(2)	15
Interest charges	(107)	(36)	(19)	(31)	(5)	(198)
Income (taxes) benefit	(75)	(41)	(25)	(45)	15	(171)
Net income (loss)	127	64	39	68	—	298
Noncontrolling interests – preferred dividends	(2)	(1)	(1)	—	1	(3)
Net income attributable to Ameren common shareholders	\$ 125	\$ 63	\$ 38	\$ 68	\$ 1	\$ 295
Six Months 2016:						
Electric margins	\$ 1,077	\$ 495	\$ —	\$ 175	\$ (13)	\$ 1,734

Edgar Filing: AMEREN CORP - Form 10-Q

Natural gas margins	43	—	250	—	(1	)	292					
Other operations and maintenance	(450	)	(267	)	(101	)	(30	)	13	(835)	
Depreciation and amortization	(254	)	(112	)	(27	)	(20	)	(4	)	(417)
Taxes other than income taxes	(156	)	(34	)	(32	)	(2	)	(5	)	(229)
Other income (expense)	20	3	(1	)	1	—	23					
Interest charges	(105	)	(37	)	(18	)	(26	)	(4	)	(190)
Income (taxes) benefit	(67	)	(18	)	(28	)	(39	)	29	(123)	
Net income	108	30	43	59	15	255						
Noncontrolling interests – preferred dividends	(2	)	(1	)	(1	)	—	1	(3)		
Net income attributable to Ameren common shareholders	\$ 106	\$ 29	\$ 42	\$ 59	\$ 16	\$ 252						

Edgar Filing: AMEREN CORP - Form 10-Q

Below is Ameren Illinois' table of income statement components by segment for the three and six months ended June 30, 2017 and 2016:

	Ameren Illinois Electric Distribution	Ameren Illinois Natural Gas	Ameren Illinois Transmission	Total
Three Months 2017:				
Electric and natural gas margins	\$ 289	\$ 98	\$ 65	\$452
Other revenues	1	—	—	1
Other operations and maintenance	(142)	(54)	(14)	(210)
Depreciation and amortization	(59)	(15)	(11)	(85)
Taxes other than income taxes	(18)	(10)	—	(28)
Other income	1	—	—	1
Interest charges	(18)	(9)	(9)	(36)
Income taxes	(21)	(4)	(12)	(37)
Net income	33	6	19	58
Preferred stock dividends	—	(1)	—	(1)
Net income attributable to common shareholder	\$ 33	\$ 5	\$ 19	\$57
Three Months 2016:				
Electric and natural gas margins	\$ 258	\$ 96	\$ 63	\$417
Other operations and maintenance	(137)	(49)	(14)	(200)
Depreciation and amortization	(58)	(13)	(9)	(80)
Taxes other than income taxes	(18)	(11)	(1)	(30)
Other income	3	—	—	3
Interest charges	(19)	(9)	(7)	(35)
Income taxes	(11)	(6)	(12)	(29)
Net income	18	8	20	46
Preferred stock dividends	—	(1)	—	(1)
Net income attributable to common shareholder	\$ 18	\$ 7	\$ 20	\$45
Six Months 2017:				
Electric and natural gas margins	\$ 567	\$ 252	\$ 125	\$944
Other revenues	1	—	—	1
Other operations and maintenance	(273)	(107)	(27)	(407)
Depreciation and amortization	(118)	(29)	(21)	(168)
Taxes other than income taxes	(36)	(31)	(1)	(68)
Other income (expense)	—	(2)	—	(2)
Interest charges	(36)	(19)	(18)	(73)
Income taxes	(41)	(25)	(23)	(89)
Net income	64	39	35	138
Preferred stock dividends	(1)	(1)	—	(2)
Net income attributable to common shareholder	\$ 63	\$ 38	\$ 35	\$136
Six Months 2016:				
Electric and natural gas margins	\$ 495	\$ 250	\$ 114	\$859
Other operations and maintenance	(267)	(101)	(26)	(394)
Depreciation and amortization	(112)	(27)	(18)	(157)
Taxes other than income taxes	(34)	(32)	(2)	(68)
Other income (expense)	3	(1)	1	3
Interest charges	(37)	(18)	(15)	(70)
Income taxes	(18)	(28)	(21)	(67)

Edgar Filing: AMEREN CORP - Form 10-Q

Net income	30	43	33	106
Preferred stock dividends	(1)	(1)	—	(2)
Net income attributable to common shareholder	\$ 29	\$ 42	\$ 33	\$104

41

Electric and Natural Gas Margins

The following table presents the favorable (unfavorable) variations by Ameren segment for electric and natural gas margins for the three and six months ended June 30, 2017, compared with the year-ago periods. Electric margins are defined as electric revenues less fuel and purchased power costs. Natural gas margins are defined as natural gas revenues less natural gas purchased for resale. We consider electric and natural gas margins useful measures to analyze the change in profitability of our electric and natural gas operations between periods. We have included the analysis below as a complement to the financial information we provide in accordance with GAAP. However, these margins may not be a presentation defined under GAAP, and they may not be comparable to other companies' presentations or more useful than the GAAP information we provide elsewhere in this report.

Three Months	Ameren Missouri	Ameren Illinois Electric Distribution	Ameren Illinois Natural Gas	Ameren Transmission	Other / Intersegment Eliminations ^(a)	Ameren
Electric revenue change:						
Effect of weather (estimate) ^(b)	\$ (19)	\$ (4)	\$ —	\$ —	\$ —	\$ (23)
Base rates (estimate) ^(c)	24	15	—	13	—	52
FEJA impact on IEIMA – timing of revenue recognition	—	15	—	—	—	15
Sales volume (excluding the effect of weather and the New Madrid Smelter)	(1)	—	—	—	—	(1)
Off-system sales	54	—	—	—	—	54
Other	2	4	—	—	(3)	3
Cost recovery mechanisms – offset in fuel and purchased power: ^(d)						
Power supply costs	—	(5)	—	—	—	(5)
Transmission services recovery mechanism	—	4	—	—	—	4
Recovery of FAC under-recovery	1	—	—	—	—	1
Other cost recovery mechanisms: ^(e)						
Bad debt, energy efficiency programs, and remediation cost riders	—	1	—	—	—	1
MEEIA program costs	8	—	—	—	—	8
Total electric revenue change	\$ 69	\$ 30	\$ —	\$ 13	\$ (3)	\$ 109
Fuel and purchased power change:						
Energy costs (excluding the effect of weather and the New Madrid Smelter)	\$ (52)	\$ —	\$ —	\$ —	\$ —	\$ (52)
New Madrid Smelter energy costs	(1)	—	—	—	—	(1)
Effect of weather (estimate) ^(b)	3	1	—	—	—	4
Effect of lower net energy costs included in base rates	12	—	—	—	—	12
Transmission services charges	(2)	—	—	—	—	(2)
Other	—	(1)	—	—	3	2
Cost recovery mechanisms – offset in electric revenue: ^(d)						
Power supply costs	—	5	—	—	—	5
Transmission services recovery mechanism	—	(4)	—	—	—	(4)
Recovery of FAC under-recovery	(1)	—	—	—	—	(1)
Total fuel and purchased power change	\$ (41)	\$ 1	\$ —	\$ —	\$ 3	\$ (37)
Net change in electric margins	\$ 28	\$ 31	\$ —	\$ 13	\$ —	\$ 72
Natural gas revenue change:						
Effect of weather (estimate) ^(b)	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ (1)
QIP rider	—	—	3	—	—	3
Other	—	—	(1)	—	—	(1)

Edgar Filing: AMEREN CORP - Form 10-Q

Purchased natural gas costs – offset in natural gas purchased for resale ^(d)	—	—	1	—	—	1
Total natural gas revenue change	\$ (1)	\$ —	\$ 3	\$ —	\$ —	\$ 2
Natural gas purchased for resale change:						
Effect of weather (estimate) ^(b)	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 1
Purchased natural gas costs – offset in natural gas revenue ^(d)	—	—	(1)	—	—	(1)
Total natural gas purchased for resale change	\$ 1	\$ —	\$ (1)	\$ —	\$ —	\$ —
Net change in natural gas margins	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 2

42

Edgar Filing: AMEREN CORP - Form 10-Q

Six Months	Ameren Missouri	Ameren Illinois Electric Distribution	Ameren Illinois Natural Gas	Ameren Transmission	Other / Intersegment Eliminations ^(a)	Ameren
Electric revenue change:						
Effect of weather (estimate) ^(b)	\$ (39)	\$ 2	\$ —	\$ —	\$ —	\$ (37)
Base rates (estimate) ^(c)	24	21	—	32	—	77
FEJA impact on IEIMA – timing of revenue recognition	—	47	—	—	—	47
Sales volume (excluding the effect of weather and the New Madrid Smelter)	(6)	—	—	—	—	(6)
New Madrid Smelter revenues	(8)	—	—	—	—	(8)
Off-system sales	133	—	—	—	—	133
Other	10	—	—	—	(3)	7
Cost recovery mechanisms – offset in fuel and purchased power: ^(d)						
Power supply costs	—	(11)	—	—	—	(11)
Transmission services recovery mechanism	—	1	—	—	—	1
Recovery of FAC under-recovery	(10)	—	—	—	—	(10)
Other cost recovery mechanisms: ^(e)						
Bad debt, energy efficiency programs, and remediation cost riders	—	3	—	—	—	3
Gross receipts tax	1	—	—	—	—	1
MEEIA program costs	16	—	—	—	—	16
Total electric revenue change	\$ 121	\$ 63	\$ —	\$ 32	\$ (3)	\$ 213
Fuel and purchased power change:						
Energy costs (excluding the effect of weather and the New Madrid Smelter)	\$ (131)	\$ —	\$ —	\$ —	\$ —	\$ (131)
New Madrid Smelter energy costs	7	—	—	—	—	7
Effect of weather (estimate) ^(b)	9	(2)	—	—	—	7
Effect of lower net energy costs included in base rates	12	—	—	—	—	12
Transmission service charges	(2)	—	—	—	—	(2)
Other	2	1	—	—	2	5
Cost recovery mechanisms – offset in electric revenue: ^(d)						
Power supply costs	—	11	—	—	—	11
Transmission services recovery mechanism	—	(1)	—	—	—	(1)
Recovery of FAC under-recovery	10	—	—	—	—	10
Total fuel and purchased power change	\$ (93)	\$ 9	\$ —	\$ —	\$ 2	\$ (82)
Net change in electric margins	\$ 28	\$ 72	\$ —	\$ 32	\$ (1)	\$ 131
Natural gas revenue change:						
Effect of weather (estimate) ^(b)	\$ (6)	\$ —	\$ —	\$ —	\$ —	\$ (6)
QIP rider	—	—	3	—	—	3
Other	(1)	—	(1)	—	—	(2)
Purchased natural gas costs – offset in natural gas purchased for resale: ^(d)	3	—	(20)	—	—	(17)
Other cost recovery mechanisms: ^(e)						
Bad debt, energy efficiency programs, and remediation cost riders	—	—	1	—	—	1
Gross receipts tax	—	—	(1)	—	—	(1)

Edgar Filing: AMEREN CORP - Form 10-Q

Total natural gas revenue change	\$ (4)	\$ —	\$ (18)	\$ —	\$ —	\$ (22)
Natural gas purchased for resale change:						
Effect of weather (estimate) ^(b)	\$ 5	\$ —	\$ —	\$ —	\$ —	\$ 5
Purchased natural gas costs – offset in natural gas revenue ^(d)	(3)	—	20	—	—	17
Total natural gas purchased for resale change	\$ 2	\$ —	\$ 20	\$ —	\$ —	\$ 22
Net change in natural gas margins	\$ (2)	\$ —	\$ 2	\$ —	\$ —	\$ —

(a) Includes an increase in transmission margins of \$2 million and \$11 million for the three- and six-month periods, respectively, at Ameren Illinois.

Represents the estimated variation resulting primarily from changes in cooling and heating degree-days on electric and natural gas demand compared with the prior year; this variation is based on temperature readings from the

(b) National Oceanic and Atmospheric Administration weather stations at local airports in our service territories.

Beginning in 2017, FEJA eliminated the impact of weather on Ameren Illinois Electric Distribution's electric margins.

(c) For Ameren Illinois Electric Distribution and Ameren Transmission, base rates include increases or decreases to operating revenues related to the revenue requirement reconciliation adjustment under formula rates.

(d) Electric and natural gas revenue changes are offset by corresponding changes in Fuel, Purchased power, and

(d) Natural gas purchased for resale, resulting in no change to electric and natural gas margins.

(e) See Other Operations and Maintenance Expenses or Taxes Other Than Income Taxes in this section for the related offsetting increase or decrease to expense. These items have no overall impact on earnings.

Ameren

Ameren's electric margins increased \$72 million, or 7%, and \$131 million, or 8%, for the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, primarily because of increased margins at Ameren Transmission, Ameren Missouri, and Ameren Illinois Electric Distribution. Ameren's natural gas margins were comparable between periods.

Ameren Transmission

Ameren Transmission's margins increased \$13 million, or 14%, and \$32 million, or 18%, for the three and six months ended June 30, 2017, respectively, compared with the year-ago periods. The increase in margins was primarily due to capital investment, as evidenced by a 21% increase in rate base used to calculate the revenue requirement at June 30, 2017, compared to June 30, 2016, as well as higher recoverable costs for the three and six months ended June 30, 2017, compared with the year-ago periods, under forward-looking formula ratemaking.

Ameren Missouri

Ameren Missouri's electric margins increased \$28 million, or 4%, and \$28 million or 3%, for the three and six months ended June 30, 2017, respectively, compared with the year-ago periods. Higher electric base rates, effective April 1, 2017, as a result of the March 2017 electric rate order, increased margins by an estimated \$36 million for both periods. The change in electric base rates is the sum of the change in base rates (estimate) (+\$24 million for both periods) and the effect of lower net energy costs included in base rates (+\$12 million for both periods) in the Electric and Natural Gas Margins table above.

The following items had an unfavorable effect on Ameren Missouri's electric margins for the three and six months ended June 30, 2017, compared with the year-ago periods:

Early summer temperatures were milder as cooling degree days decreased 3% for the three months ended June 30, 2017, compared with the year-ago period, and winter temperatures were milder as heating degree days decreased 15% for the six months ended June 30, 2017, compared with the year-ago period. The effect of weather decreased margins by an estimated \$16 million and \$30 million, respectively. The change in margins due to weather is the sum of the effect of weather (estimate) on electric revenues (-\$19 million and -\$39 million, respectively) and the effect of weather (estimate) on fuel and purchased power (+\$3 million and +\$9 million, respectively) in the Electric and Natural Gas Margins table above.

Excluding the estimated effect of weather and reduced sales to the New Madrid Smelter, total retail sales volumes decreased by less than 1% for both periods, which decreased margins by \$1 million and \$6 million, respectively.

Lower retail sales volumes for the six months ended June 30, 2017, compared with the year-ago period, were due to the absence of the leap year benefit experienced in 2016 and the effects of the MEEIA programs, partially offset by growth. The throughput disincentive recovery, as part of MEEIA 2016, ensures that electric margins are not affected by reduced sales volumes as a result of MEEIA programs. Lower sales volumes led to a decrease in net energy costs of \$2 million for both periods. The change in net energy costs is the sum of the change in off-system sales (+\$54 million and +\$133 million, respectively) and the change in energy costs (excluding the effect of weather and the New Madrid Smelter) (-\$52 million and -\$131 million, respectively) in the Electric and Natural Gas Margins table above. Increased transmission services charges resulting from additional MISO-approved electric transmission investments made by other entities and shared by all MISO participants, which decreased margins by \$2 million for both periods. Ameren Missouri's natural gas margins were comparable between periods.

Ameren Illinois

Ameren Illinois' electric margins increased by \$33 million, or 10%, and \$83 million, or 14%, for the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, driven by increases in Ameren Illinois Electric Distribution (\$31 million and \$72 million, respectively) and Ameren Illinois Transmission (\$2 million and \$11 million, respectively) margins. Ameren Illinois Natural Gas' margins were comparable between periods.

Ameren Illinois Electric Distribution

Ameren Illinois Electric Distribution's margins increased \$31 million, or 12%, and \$72 million or 15%, for the three and six months ended June 30, 2017, respectively, compared with the year-ago periods. The following items had a favorable effect on Ameren Illinois Electric Distribution's margins for the three and six months ended June 30, 2017, compared with the year-ago periods:

A change in the method used to recognize interim period revenue, in connection with the decoupling provisions of the FEJA, which increased margins by \$15 million and \$47 million, respectively. This change will not impact annual earnings. See Note 2 – Rate and

Regulatory Matters under Part I, Item 1, of this report for additional information on FEJA and IEIMA.

Revenues increased by \$15 million and \$21 million, respectively, primarily due to increased recoverable expenses and rate base, as well as a higher 30-year United States Treasury bond yield under formula ratemaking.

The absence of the impact of warmer-than-normal early summer temperatures experienced in the second quarter of 2016 and the decoupling of revenues in 2017, decreased margins by an estimated \$3 million for the three months ended June 30, 2017, compared with the year-ago period. The change in margins due to weather is the sum of the effect of weather (estimate) on electric revenues (-\$4 million) and the effect of weather (estimate) on fuel and purchased power (+\$1 million) in the Electric and Natural Gas Margins table above.

Ameren Illinois Transmission

Ameren Illinois Transmission's margins increased \$2 million, or 3%, and \$11 million, or 10%, for the three and six months ended June 30, 2017, respectively, compared with the year-ago periods. The increase in margins was primarily due to capital investment, as evidenced by a 15% increase in rate base used to calculate the revenue requirement at June 30, 2017, compared to June 30, 2016, as well as higher recoverable costs for the three and six months ended June 30, 2017, compared with the year-ago periods, under forward-looking formula ratemaking.

Other Operations and Maintenance Expenses

Ameren

Other operations and maintenance expenses were \$13 million and \$8 million lower in the three and six months ended June 30, 2017, respectively, as compared with the year-ago periods, as discussed below.

Ameren Transmission

Other operations and maintenance expenses were comparable in the three and six months ended June 30, 2017, with the year-ago periods.

Ameren Missouri

Other operations and maintenance expenses were \$19 million lower for both the three and six months ended June 30, 2017, compared with the year-ago periods. Refueling and maintenance outage costs at the Callaway energy center were lower by \$27 million and \$31 million, respectively, as a refueling and maintenance outage occurred in the second quarter of 2016 and the next outage is scheduled for the fall of 2017. Additionally, pension and benefit costs decreased by \$5 million in both periods and solar rebate amortization costs decreased by \$3 million in both periods, as a result of the March 2017 MoPSC electric rate order. Conversely, MEEIA customer energy efficiency program costs increased by \$8 million and \$16 million, respectively. Electric revenues related to MEEIA program costs increased by a corresponding amount, with no overall effect on net income. Energy center maintenance costs, excluding refueling and maintenance outage costs at the Callaway energy center, increased by \$3 million and \$7 million, respectively, primarily because of higher coal handling charges.

Ameren Illinois

Other operations and maintenance expenses were \$10 million and \$13 million higher in the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, as discussed below. Other operations and maintenance expenses were comparable in the three and six months ended June 30, 2017, with the year-ago periods, at Ameren Illinois Transmission.

Ameren Illinois Electric Distribution

Other operations and maintenance expenses increased \$5 million and \$6 million in the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, primarily because of increased labor costs, attributable to staff additions to meet enhanced standards and goals related to the IEIMA, and an increase in estimated litigation costs. Additionally, bad debt, customer energy efficiency, and environmental remediation costs increased in the six months ended June 30, 2017, compared with the year-ago period, which are included in cost recovery mechanisms that result in increased electric revenues, with no overall effect on net income.

Ameren Illinois Natural Gas

Other operations and maintenance expenses increased \$5 million and \$6 million in the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, primarily because of higher gas pipeline compliance costs, increased pension costs caused by changes in actuarial assumptions and the performance of plan assets, and increased labor costs.

Depreciation and Amortization

Ameren

Depreciation and amortization expenses increased \$12 million and \$26 million in the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, as discussed below.

Ameren Transmission

Depreciation and amortization expenses increased \$5 million and \$9 million in the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, primarily because of additional property, plant, and equipment, as multiple projects were completed in 2016.

Ameren Missouri

Depreciation and amortization expenses increased \$5 million and \$11 million in the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, primarily because of additional electric property, plant, and equipment, as multiple projects were completed in 2016.

Ameren Illinois

Depreciation and amortization expenses increased \$5 million in the three months ended June 30, 2017, compared with the year-ago period, primarily because of additional property, plant, and equipment across all Ameren Illinois segments. Depreciation and amortization expenses were comparable in the three months ended June 30, 2017, with the year-ago period, at each Ameren Illinois segment. Depreciation and amortization expenses increased \$11 million in the six months ended June 30, 2017, compared with the year-ago period, primarily because of additional property, plant, and equipment at Ameren Illinois Electric Distribution and Ameren Illinois Transmission. Depreciation and amortization expenses were comparable in the six months ended June 30, 2017, with the year-ago period, at Ameren Illinois Natural Gas.

Taxes Other Than Income Taxes

Taxes other than income taxes were comparable at each of the Ameren Companies and their respective segments in the three months ended June 30, 2017, with the year-ago period. Taxes other than income taxes increased \$6 million at Ameren in the six months ended June 30, 2017, compared with the year-ago period, primarily because of higher property taxes at Ameren Missouri. Taxes other than income taxes were comparable in the six months ended June 30, 2017, compared with the year-ago period, at Ameren Illinois, as well as at the Ameren Transmission, Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, and Ameren Illinois Transmission segments.

Other Income and Expenses

Ameren

Other income, net of expenses, was comparable in the three months ended June 30, 2017, with the year-ago period. Other income, net of expenses, decreased \$8 million in the six months ended June 30, 2017, compared with the year-ago period, as discussed below. See Note 5 – Other Income and Expenses under Part I, Item 1, of this report for additional information.

Ameren Transmission

Other income, net of expenses, was comparable in the three and six months ended June 30, 2017, with the year-ago periods.

Ameren Missouri

Other income, net of expenses, was comparable in the three and six months ended June 30, 2017, with the year-ago periods.

Ameren Illinois

Other income, net of expenses, was comparable in the three months ended June 30, 2017, with the year-ago period, for Ameren Illinois and each of its segments. Other income, net of expenses, decreased \$5 million in the six months ended June 30, 2017, compared with the year-ago period, primarily because of lower interest income on IEIMA revenue requirement reconciliation regulatory assets and a decrease in the allowance for equity funds used during construction at Ameren Illinois Electric Distribution, resulting from lower eligible construction work in progress balances. Other income, net of expenses, was comparable in the six months ended June 30, 2017, with the year-ago period, for the remaining Ameren Illinois segments.

Interest Charges

Ameren

Interest charges increased \$4 million and \$8 million in the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, as discussed below.

Ameren Transmission

Interest charges increased \$3 million and \$5 million in the three and six months ended June 30, 2017, respectively, compared with the year-ago periods, primarily because of an increase in average outstanding debt at Ameren Illinois, increased interest charges associated with intercompany borrowings at ATXI, and a decrease in the allowance for borrowed funds used during construction, as multiple projects were completed in 2016 at Ameren Illinois Transmission.

Ameren Missouri

Interest charges were comparable in the three and six months ended June 30, 2017, with the year-ago periods.

Ameren Illinois

Interest charges were comparable in the three months ended June 30, 2017, with the year-ago period, for Ameren Illinois and each of its segments. Interest charges increased \$3 million in the six months ended June 30, 2017, compared with the year-ago period, primarily because of an increase in interest charges at Ameren Illinois Transmission, as discussed above. Interest charges were comparable for the six months ended June 30, 2017, compared with the year-ago period, at Ameren Illinois Electric Distribution and Ameren Illinois Natural Gas.

Income Taxes

The following table presents effective income tax rates for the three and six months ended June 30, 2017 and 2016:

	Three Months ^(a)		Six Months ^(a)	
	2017	2016	2017	2016
Ameren	37 %	38 %	36 %	33 %
Ameren Missouri	37 %	38 %	37 %	38 %
Ameren Illinois	39 %	39 %	39 %	39 %
Ameren Illinois Electric Distribution	39 %	39 %	39 %	37 %
Ameren Illinois Natural Gas	39 %	37 %	39 %	39 %
Ameren Illinois Transmission	39 %	39 %	39 %	39 %
Ameren Transmission	40 %	40 %	40 %	40 %

^(a) Estimate of the annual effective tax rate adjusted to reflect the tax effect of items discrete to the three and six months ended June 30, 2017 and 2016.

Ameren

The effective tax rate was comparable in the three months ended June 30, 2017, with the year-ago period. The effective tax rate was higher in the six months ended June 30, 2017, compared with the year-ago period, primarily because of a decrease in the recognition of tax benefits associated with share-based compensation.

Ameren Transmission

The effective tax rate was comparable in the three and six months ended June 30, 2017, with the year-ago periods.

Ameren Missouri

The effective tax rate was comparable in the three and six months ended June 30, 2017, with the year-ago periods.

Ameren Illinois

The effective tax rate was comparable in the three and six months ended June 30, 2017, with the year-ago periods at Ameren Illinois, Ameren Illinois Electric Distribution, Ameren Illinois Natural Gas, and Ameren Illinois Transmission, except as discussed below.

Ameren Illinois Electric Distribution

The effective tax rate was higher in the six months ended June 30, 2017, compared with the year-ago period, primarily because of the decreased effect of tax benefits on higher pretax income in the current year from certain depreciation differences on property-related items, tax credits, and company-owned life insurance.

Ameren Illinois Natural Gas

The effective tax rate was higher in the three months ended June 30, 2017, compared with the year-ago period, primarily because of lower tax benefits in the current year from certain depreciation differences on property-related items.

LIQUIDITY AND CAPITAL RESOURCES

Collections from our tariff-based revenues are our principal source of cash provided by operating activities. A diversified retail customer mix, primarily consisting of rate-regulated residential, commercial, and industrial customers, provides us with a reasonably predictable source of cash. In addition to using cash provided by operating activities, we use available cash, borrowings under the Credit Agreements, commercial paper issuances, or, in the case of Ameren Missouri and Ameren Illinois, short-term intercompany borrowings to support operations and temporary capital requirements. We may reduce our short-term borrowings with cash provided by operations or, at our discretion, with long-term borrowings, or, in the case of Ameren Missouri and Ameren Illinois, with capital contributions from Ameren (parent). We expect to make significant capital expenditures over the next five years as we invest in our electric and natural gas utility infrastructure to support overall system reliability, environmental compliance, and other improvements. We intend to fund those capital expenditures primarily with cash provided by operating activities and short-term and long-term debt issuances so that we maintain an equity ratio around 50%, assuming constructive regulatory environments.

The use of cash provided by operating activities and short-term borrowings to fund capital expenditures and other long-term investments may periodically result in a working capital deficit, defined as current liabilities exceeding current assets, as was the case at June 30, 2017, for Ameren and Ameren Illinois. The working capital deficit as of June 30, 2017, was primarily the result of current maturities of long-term debt and our decision to finance our businesses with lower-cost commercial paper issuances. With the credit capacity available under the Credit Agreements, the Ameren Companies had access to \$1.2 billion of liquidity at June 30, 2017.

The following table presents net cash provided by (used in) operating, investing, and financing activities for the six months ended June 30, 2017 and 2016:

	Net Cash Provided By			Net Cash Used In			Net Cash Provided by (Used In)		
	Operating Activities			Investing Activities			Financing Activities		
	2017	2016	Variance	2017	2016	Variance	2017	2016	Variance
Ameren ^(a)	\$863	\$763	\$ 100	\$(1,059)	\$(1,035)	\$ (24)	\$197	\$(7)	\$ 204
Ameren Missouri	396	364	32	(253)	(354)	101	(143)	(209)	66
Ameren Illinois	375	382	(7)	(480)	(438)	(42)	105	(15)	120

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.

Cash Flows from Operating Activities

Our cash provided by operating activities is affected by fluctuations of trade accounts receivable, inventories, and accounts and wages payable, among other things, as well as the unique regulatory environment for each of our businesses. Substantially all expenditures related to fuel, purchased power, and natural gas purchased for resale are recovered from customers through rate adjustment mechanisms, which may be adjusted without a traditional rate proceeding. Similar regulatory mechanisms exist for certain operating expenses that can also affect the timing of cash provided by operating activities. The timing of cash paid for costs recoverable under our regulatory mechanisms differs from the recovery period of those costs. Additionally, the seasonality of our electric and natural gas businesses, primarily caused by changes in customer demand due to weather, significantly impact the amount and timing of our cash provided by operating activities.

Ameren

Ameren's cash from operating activities increased \$100 million in the first six months of 2017, compared with the year-ago period. The following items contributed to the increase:

- A \$135 million increase resulting from electric and natural gas margins, as discussed in Results of Operations, excluding certain noncash items, as well as the change in customer receivable balances.

A \$29 million decrease in payments for scheduled nuclear refueling and maintenance outages at the Ameren Missouri Callaway energy center, as a refueling and maintenance outage occurred in the second quarter of 2016 and the next outage is scheduled for the fall of 2017.

▲ \$15 million increase in net energy costs collected from Ameren Missouri customers under the FAC.

The following items partially offset the increase in Ameren's cash from operating activities between periods:

• The absence of a \$42 million insurance receipt at Ameren Missouri related to the Taum Sauk breach received in 2016. Refunds of \$21 million associated with the November 2013 FERC complaint case, as discussed in Note 2 – Rate and Regulatory Matters under Part I, Item 1, of this report.

• A \$19 million decrease in cash associated with the recovery of Ameren Illinois' IEIMA revenue requirement reconciliation adjustments. The 2015 revenue requirement reconciliation adjustment, which is being recovered from customers in 2017, was less than the 2014 revenue requirement reconciliation adjustment, which was recovered from customers in 2016.

• A \$16 million increase in expenditures for customer energy efficiency programs at Ameren Illinois compared with amounts collected from customers.

Ameren Missouri

Ameren Missouri's cash from operating activities increased \$32 million in the first six months of 2017, compared with the year-ago period. The following items contributed to the increase:

• A \$33 million increase resulting from electric and natural gas margins, as discussed in Results of Operations, excluding certain noncash items, as well as the change in customer receivable balances.

• A \$29 million decrease in payments for scheduled nuclear refueling and maintenance outages at the Callaway energy center, as a refueling and maintenance outage occurred in the second quarter of 2016 and the next outage is scheduled for the fall of 2017.

▲ \$15 million increase in net energy costs collected from customers under the FAC.

The absence of a \$42 million insurance receipt related to the Taum Sauk breach received in 2016 partially offset the increase in Ameren Missouri's cash from operating activities between periods.

Ameren Illinois

Ameren Illinois' cash from operating activities decreased \$7 million in the first six months of 2017, compared with the year-ago period. The following items contributed to the decrease:

• An increase of \$24 million in income tax payments paid to Ameren (parent) pursuant to the tax allocation agreement, primarily related to the timing of payments.

• A \$19 million decrease in cash associated with the recovery of IEIMA revenue requirement reconciliation adjustments. The 2015 revenue requirement reconciliation adjustment, which is being recovered from customers in 2017, was less than the 2014 revenue requirement reconciliation adjustment, which was recovered from customers in 2016.

• Refunds of \$17 million associated with the November 2013 FERC complaint case, as discussed in Note 2 – Rate and Regulatory Matters under Part I, Item 1, of this report.

• A \$16 million increase in expenditures for customer energy efficiency programs compared with amounts collected from customers.

▲ An \$8 million increase in payments for purchased power compared with amounts collected from customers.

▲ A \$5 million increase in interest payments, primarily due to an increase in the average outstanding debt.

▲ A \$5 million increase in payments to contractors for additional reliability, maintenance, and IEIMA projects.

• A \$4 million increase in labor costs primarily because of wage increases and staff additions to meet enhanced reliability and customer service goals related to the IEIMA.

Ameren Illinois' decrease in cash from operating activities was substantially offset by a \$95 million increase resulting from electric and natural gas margins, as discussed in Results of Operations, excluding certain noncash items, as well as the change in customer receivable balances.

Cash Flows from Investing Activities

Ameren's cash used in investing activities increased \$24 million in the first six months of 2017, compared with the year-ago period. Nuclear fuel expenditures increased \$26 million as a result of the activity at Ameren Missouri, as discussed below. Additionally, Ameren Illinois' capital expenditures increased \$42 million, as discussed below. This increase was partially offset by a \$45 million decrease in capital expenditures at ATXI. ATXI's capital expenditures decreased as a result of decreased expenditures on the Illinois Rivers project partially offset by increased expenditures related to the Spoon River project.

Ameren Missouri's cash used in investing activities decreased \$101 million in the first six months of 2017, compared with the year-ago period, due to a \$125 million increase in the return of money pool advances. The decrease was partially offset by a \$26 million increase in nuclear fuel expenditures because of the timing of purchases in the first six months of 2017, compared with the prior-year period.

Ameren Illinois' cash used in investing activities increased \$42 million due to an increase in capital expenditures primarily related to upgrades to natural gas main infrastructure, electric distribution and transmission system reliability, investments in smart grid technology, and substation upgrades.

Cash Flows from Financing Activities

Cash provided by, or used in, financing activities is a result of our financing needs, which depend on the level of cash provided by operating activities, the level of cash used in investing activities, the level of dividends, and our long-term debt maturities, among other things.

Ameren's financing activities provided cash of \$197 million during the first six months of 2017, compared with \$7 million of cash used in financing activities during the first six months of 2016. During the first six months of 2017, Ameren utilized net proceeds of \$883 million from the issuance of long-term indebtedness and net commercial paper issuances to repay at maturity \$425 million of higher cost long-term indebtedness and to fund, in part, investing activities. In comparison, during the first six months of 2016, Ameren used net proceeds of \$626 million from the issuance of long-term indebtedness and net commercial paper issuances to redeem at maturity \$389 million of higher cost long-term indebtedness and to fund, in part, investing activities.

Ameren Missouri's cash used in financing activities decreased \$66 million in the first six months of 2017, compared with the year-ago period. During the first six months of 2017, Ameren Missouri issued \$399 million of long-term indebtedness and used the proceeds, along with proceeds from net commercial paper issuances, to repay at maturity \$425 million of higher cost long-term indebtedness. In comparison, during the first six months of 2016, Ameren Missouri issued \$149 million of long-term indebtedness and used the proceeds, along with proceeds from net commercial paper issuances and cash on hand, to repay at maturity \$260 million of higher cost long-term indebtedness. In addition, during the first six months of 2017, Ameren Missouri paid \$172 million in common stock dividends compared with \$210 million in dividend payments in the year-ago period.

Ameren Illinois' financing activities provided cash of \$105 million during the first six months of 2017, compared with \$15 million of cash used in financing activities during the first six months of 2016. During the first six months of 2017, Ameren Illinois used proceeds from net commercial paper issuances of \$108 million to fund, in part, investing activities. In comparison, during the first six months of 2016, Ameren Illinois used proceeds from net commercial paper issuances to repay at maturity \$129 million of higher cost long-term indebtedness. Ameren Illinois did not pay common stock dividends during the six months ended June 30, 2017, compared to dividend payments of \$60 million during the same period in 2016.

See Long-term Debt and Equity in this section for additional information on maturities and issuances of long-term debt.

Credit Facility Borrowings and Liquidity

The liquidity needs of Ameren, Ameren Missouri, and Ameren Illinois are typically supported through the use of available cash, commercial paper issuances, short-term intercompany borrowings, or drawings under the Credit Agreements. See Note 3 – Short-term Debt and Liquidity under Part I, Item 1, of this report for additional information on the Credit Agreements, short-term borrowing activity, commercial paper issuances, relevant interest rates, and borrowings under Ameren's money pool arrangements.

The following table presents Ameren's consolidated liquidity as of June 30, 2017:

Ameren and Ameren Missouri:

Missouri Credit Agreement – borrowing capacity	\$1,000
Less: Ameren (parent) commercial paper outstanding	393
Less: Ameren Missouri commercial paper outstanding	60
Missouri Credit Agreement – credit available	547

Ameren and Ameren Illinois:

Illinois Credit Agreement – borrowing capacity	1,100
--	-------

Edgar Filing: AMEREN CORP - Form 10-Q

Less: Ameren (parent) commercial paper outstanding	280
Less: Ameren Illinois commercial paper outstanding	159
Less: Letters of credit	4
Illinois Credit Agreement – credit available	657
Total Credit Available	\$1,204
Cash and cash equivalents	10
Total Liquidity	\$1,214

50

The Credit Agreements are used to borrow cash, to issue letters of credit, and to support issuances under Ameren's (parent), Ameren Missouri's, and Ameren Illinois' commercial paper programs. Both of the Credit Agreements are available to Ameren to support issuances under Ameren's commercial paper program, subject to borrowing sublimits. The Missouri Credit Agreement is available to support issuances under Ameren Missouri's commercial paper program. The Illinois Credit Agreement is available to support issuances under Ameren Illinois' commercial paper program. Issuances under the Ameren (parent), Ameren Missouri, and Ameren Illinois commercial paper programs were available at lower interest rates than the interest rates available under the Credit Agreements. Commercial paper issuances were thus preferred to credit facility borrowings as a source of third-party short-term debt.

In addition, Ameren Missouri and Ameren Illinois may borrow cash from the utility money pool when funds are available. The rate of interest depends on the composition of internal and external funds in the utility money pool. Ameren Missouri and Ameren Illinois will access funds from the utility money pool, the Credit Agreements, or the commercial paper programs depending on which option offers the lowest interest rates.

The issuance of short-term debt securities by Ameren's utility subsidiaries is subject to approval by the FERC under the Federal Power Act. In June 2017, the FERC issued an order authorizing ATXI to issue up to \$300 million of short-term debt securities through July 2019.

The Ameren Companies continually evaluate the adequacy and appropriateness of their liquidity arrangements given changing business conditions. When business conditions warrant, changes may be made to existing credit agreements or to other short-term borrowing arrangements.

Long-term Debt and Equity

The following table presents the issuances (net of any issuance discounts), maturities, and redemptions of long-term debt for Ameren Missouri, Ameren Illinois, and ATXI for the six months ended June 30, 2017 and 2016. The Ameren Companies did not issue any common stock during the first six months of 2017 or 2016. In March 2016, Ameren Missouri received cash capital contributions of \$38 million from Ameren (parent).

	Month Issued, Redeemed, or Matured	2017	2016
Issuances of Long-term Debt			
Ameren Missouri:			
2.95% Senior secured notes due 2027	June	\$ 399	\$ —
3.65% Senior secured notes due 2045	June	—	149
ATXI:			
3.43% Senior notes due 2050	June	\$ 150	\$ —
Total Ameren long-term debt issuances		\$ 549	\$ 149
Redemptions and Maturities of Long-term Debt			
Ameren Missouri:			
6.40% Senior secured notes due 2017	June	\$ 425	\$ —
5.40% Senior secured notes due 2016	February	—	260
Ameren Illinois:			
6.20% Senior secured notes due 2016	June	—	54
6.25% Senior secured notes due 2016	June	—	75
Total Ameren long-term debt redemptions and maturities		\$ 425	\$ 389

In June 2017, Ameren Missouri issued \$400 million of 2.95% senior secured notes due June 2027, with interest payable semiannually on June 15 and December 15 of each year, beginning December 15, 2017. Ameren Missouri received proceeds of \$396 million, which were used, in conjunction with other available funds, to repay at maturity \$425 million of Ameren Missouri's 6.40% senior secured notes in June 2017.

In June 2017, pursuant to a note purchase agreement, ATXI agreed to issue \$450 million principal amount of 3.43% senior unsecured notes due 2050 through a private placement offering exempt from registration under the Securities Act of 1933, as amended. ATXI issued \$150 million principal amount of the notes in June 2017 and has agreed to issue the remaining \$300 million principal amount of the notes in August 2017, subject to certain conditions. The

proceeds of the notes, of which \$149 million were received in June 2017, were, and will be used, by ATXI to repay existing short-term and long-term affiliate debt owed to Ameren (parent).

Indebtedness Provisions and Other Covenants

See Note 3 – Short-term Debt and Liquidity and Note 4 – Long-term Debt and Equity Financings under Part I, Item 1, of this report and

Note 4 – Short-term Debt and Liquidity and Note 5 – Long-term Debt and Equity Financings under Part II, Item 8, of the Form 10-K for a discussion of covenants and provisions (and applicable cross-default provisions) contained in our credit agreements, in ATXI’s note purchase agreement, and in certain of the Ameren Companies’ indentures and articles of incorporation.

At June 30, 2017, the Ameren Companies were in compliance with the provisions and covenants contained in their credit agreements, indentures, and articles of incorporation, as applicable, and ATXI was in compliance with the provisions and covenants contained in its note purchase agreement.

We consider access to short-term and long-term capital markets a significant source of funding for capital requirements not satisfied by cash generated from our operating activities. Inability to raise capital on reasonable terms, particularly during times of uncertainty in the capital markets, could negatively affect our ability to maintain and expand our businesses. After assessing its current operating performance, liquidity, and credit ratings (see Credit Ratings below), Ameren, Ameren Missouri, and Ameren Illinois each believes that it will continue to have access to the capital markets. However, events beyond Ameren’s, Ameren Missouri’s, and Ameren Illinois’ control may create uncertainty in the capital markets or make access to the capital markets uncertain or limited. Such events could increase our cost of capital and adversely affect our ability to access the capital markets.

Dividends

The amount and timing of Ameren’s common stock dividends are within the sole discretion of Ameren’s board of directors. Ameren’s board of directors has not set specific targets or payout parameters when declaring common stock dividends, but it considers various factors, including Ameren’s overall payout ratio, payout ratios of our peers, projected cash flow and potential future cash flow requirements, historical earnings and cash flow, projected earnings, impacts of regulatory orders or legislation, and other key business considerations. Ameren expects its dividend payout ratio to be between 55% and 70% of annual earnings over the next few years.

See Note 4 – Short-term Debt and Liquidity and Note 5 – Long-term Debt and Equity Financings under Part II, Item 8, of the Form 10-K for additional discussion of covenants and provisions contained in certain of the Ameren Companies’ financial agreements and articles of incorporation that would restrict the Ameren Companies’ payment of dividends in certain circumstances. At June 30, 2017, none of these circumstances existed at Ameren, Ameren Missouri, or Ameren Illinois and, as a result, these companies were not restricted from paying dividends.

The following table presents common stock dividends declared and paid by Ameren Corporation to its common shareholders and by Ameren Missouri and Ameren Illinois to their parent, Ameren Corporation, for the six months ended June 30, 2017 and 2016:

	Six Months	
	2017	2016
Ameren Missouri	\$172	\$210
Ameren Illinois	—	60
Ameren	214	206

Contractual Obligations

For a listing of our obligations and commitments, see Other Obligations in Note 9 – Commitments and Contingencies under Part I, Item 1, of this report. See Note 11 – Retirement Benefits under Part I, Item 1, of this report for information regarding expected minimum funding levels for our pension plan.

At June 30, 2017, total obligations related to commitments for coal, natural gas, nuclear fuel, purchased power, methane gas, equipment, and meter reading services, among other agreements, at Ameren, Ameren Missouri, and Ameren Illinois were \$3,655 million, \$2,145 million, and \$1,444 million, respectively.

Off-Balance-Sheet Arrangements

At June 30, 2017, none of the Ameren Companies had off-balance-sheet financing arrangements, other than operating leases entered into in the ordinary course of business, letters of credit, and Ameren parent guarantee arrangements on behalf of its subsidiaries. None of the Ameren Companies expect to engage in any significant off-balance-sheet financing arrangements in the near future.

Credit Ratings

The credit ratings of the Ameren Companies and ATXI assigned by Moody's and S&P, as applicable, can affect our liquidity, access to the capital markets and credit markets, cost of borrowing under credit facilities and commercial paper programs, and collateral posting requirements under commodity contracts.

The following table presents the principal credit ratings of the Ameren Companies and ATXI, by Moody's and S&P, as applicable, effective on the date of this report:

Moody's S&P

Ameren:

Issuer/corporate credit rating	Baa1	BBB+
Senior unsecured debt	Baa1	BBB
Commercial paper	P-2	A-2

Ameren Missouri:

Issuer/corporate credit rating	Baa1	BBB+
Secured debt	A2	A
Senior unsecured debt	Baa1	BBB+
Commercial paper	P-2	A-2

Ameren Illinois:

Issuer/corporate credit rating	A3	BBB+
Secured debt	A1	A
Senior unsecured debt	A3	BBB+
Commercial paper	P-2	A-2

ATXI:

Issuer credit rating	A2	Not Rated
Senior unsecured debt	A2	Not Rated

A credit rating is not a recommendation to buy, sell, or hold securities. It should be evaluated independently of any other rating. Ratings are subject to revision or withdrawal at any time by the rating organization.

Collateral Postings

Any weakening of our credit ratings may reduce access to capital and trigger additional collateral postings and prepayments. Such changes may also increase the cost of borrowing, resulting in an adverse effect on earnings. Cash collateral postings and prepayments made with external parties, including postings related to exchange-traded contracts, and cash collateral posted by external parties were immaterial at Ameren, Ameren Missouri, and Ameren Illinois at June 30, 2017. A sub-investment-grade issuer or senior unsecured debt rating (whether below "BBB-" from S&P or below "Baa3" from Moody's) at June 30, 2017, could have resulted in Ameren, Ameren Missouri, or Ameren Illinois being required to post additional collateral or other assurances for certain trade obligations amounting to \$96 million, \$59 million, and \$37 million, respectively.

Changes in commodity prices could trigger additional collateral postings and prepayments. Based on credit ratings at June 30, 2017, if market prices were 15% higher or lower than June 30, 2017 levels in the next 12 months and 20% higher or lower thereafter through the end of the term of the commodity contracts, then Ameren, Ameren Missouri, or Ameren Illinois could be required to post an immaterial amount, compared to each company's liquidity, of collateral or other assurances for certain trade obligations.

OUTLOOK

We seek to earn competitive returns on investments in our businesses. We are seeking to improve our regulatory frameworks and cost recovery mechanisms and simultaneously pursuing constructive regulatory outcomes within existing frameworks, while also advocating for responsible energy policies. We are seeking to align our overall spending, both operating and capital, with economic conditions and with regulatory frameworks established by our regulators and to create and capitalize on investment opportunities for the benefit of our customers and shareholders. We are focused on minimizing the gap between allowed and earned returns on equity and intend to allocate capital resources to our business opportunities that we expect to offer the most attractive risk-adjusted return potential. As a part of Ameren's strategic plan, we are pursuing projects to meet our customer energy needs and to improve electric and natural gas system reliability, safety, and security within our service territories, as well as evaluating competitive electric transmission investment opportunities outside of these territories, including investments outside of MISO as they arise. Additionally, Ameren Missouri will make investments over time that will enable it to transition to a more diverse energy generation portfolio.

Below are some key trends, events, and uncertainties that are reasonably likely to affect our results of operations, financial condition, or liquidity, as well as our ability to achieve strategic and financial objectives, for 2017 and beyond.

53

Operations

Ameren continues to invest in FERC-regulated electric transmission. MISO has approved three electric transmission projects to be developed by ATXI. The Illinois Rivers project involves the construction of a transmission line from eastern Missouri across the state of Illinois to western Indiana. Construction activities for the Illinois Rivers project are continuing on schedule and the last section of this project is expected to be completed by 2019. The Spoon River project, located in northwest Illinois, and the Mark Twain project, located in northeast Missouri and connecting the Illinois Rivers project to Iowa, are the other two MISO-approved projects to be constructed by ATXI. Construction activities for the Spoon River project are continuing on schedule, and the project is expected to be completed in 2018. See Note 2 – Rate and Regulatory Matters under Part I, Item 1, of this report for information regarding the Mark Twain project and its approval process. The total investment in all three projects is expected to be more than \$575 million from 2017 through 2019. Ameren Illinois expects to invest \$2.2 billion in electric transmission assets from 2017 through 2021 to replace aging infrastructure and improve reliability.

Both Ameren Illinois and ATXI use a forward-looking rate calculation with an annual revenue requirement reconciliation for each company's electric transmission business. Based on the rates that became effective on January 1, 2017, and the currently allowed 10.82% return on common equity, the 2017 revenue requirement for Ameren Illinois' electric transmission business is \$258 million. The 2017 revenue requirement represents a \$33 million increase over the revised 2016 revenue requirement, which became effective in September 2016, and was based on a 10.82% return on common equity. These January 2017 rates reflect a capital structure comprised of 51.6% common equity and a projected average rate base of \$1.4 billion. Based on the rates that became effective on January 1, 2017, and the currently allowed 10.82% return on equity, the 2017 revenue requirement for ATXI's electric transmission business is \$171 million. The 2017 revenue requirement represents a \$44 million increase over the revised 2016 revenue requirement, which became effective in September 2016, and was based on a 10.82% return on common equity. These January 2017 rates reflect a capital structure comprised of 56.3% common equity and a projected average rate base of \$1.1 billion, reflecting additional investment in the Illinois Rivers project.

The return on common equity for MISO transmission owners, including Ameren Illinois and ATXI, was the subject of two FERC complaint proceedings, the November 2013 complaint case and the February 2015 complaint case, that each challenged the allowed base return on common equity. In September 2016, the FERC issued a final order in the November 2013 complaint case, which lowered the allowed base return on common equity for the 15-month period of November 2013 to February 2015 to 10.32%, or a 10.82% total allowed return on common equity with the inclusion of a 50 basis point incentive adder for participation in an RTO. The order required customer refunds, with interest, to be issued for that 15-month period. Refunds for the November 2013 complaint case were issued in the first six months of 2017. In June 2016, an administrative law judge issued an initial decision in the February 2015 complaint case, which, if approved by the FERC, would lower the allowed base return on common equity for the 15-month period of February 2015 to May 2016 to 9.70%, or a 10.20% total allowed return on equity with the inclusion of a 50 basis point incentive adder for participation in an RTO and require customer refunds, with interest, for that 15-month period. The timing of the issuance of the final order in the February 2015 complaint case is uncertain for two reasons. First, while the FERC reestablished a quorum of three commissioners in August 2017, they are under no deadline to issue a final order. Second, in the second quarter of 2017, the United States Court of Appeals for the District of Columbia Circuit vacated and remanded to the FERC an order in a separate case in which the FERC established the allowed base return on common equity methodology used in the two MISO complaint cases described above. A 50 basis point reduction in the FERC-allowed base return on common equity would reduce Ameren's and Ameren Illinois' annual earnings by an estimated \$7 million and \$4 million, respectively, based on each company's 2017 projected rate base. Ameren and Ameren Illinois recorded current regulatory liabilities on their respective June 30, 2017 balance sheets, representing their estimate of the expected refunds related to the February 2015 complaint case.

In March 2017, the MoPSC issued an order approving a unanimous stipulation and agreement in Ameren Missouri's July 2016 regulatory rate review. The order resulted in a \$3.4 billion revenue requirement, which is a \$92 million increase in Ameren Missouri's annual revenue requirement for electric service, compared to its prior revenue

requirement established in the MoPSC's April 2015 electric rate order. The new rates, base level of expenses, and amortizations became effective on April 1, 2017. Excluding cost reductions associated with reduced sales volumes, the base level of net energy costs decrease by \$54 million from the base level established in the MoPSC's April 2015 electric rate order. Changes in amortizations and the base level of expenses for the other regulatory tracking mechanisms, including extending the amortization period of certain regulatory assets, reduced expenses by \$26 million from the base levels established in the MoPSC's April 2015 electric rate order.

Illinois law provides for an annual reconciliation of the electric distribution revenue requirement necessary to reflect the actual costs incurred and investment return in a given year with the revenue requirement that was reflected in customer rates for that year. Consequently, Ameren Illinois' 2017 electric distribution service revenues will be based on its 2017 actual recoverable costs, rate base, and return on common equity as calculated under the Illinois performance-based formula ratemaking framework. The 2017 revenue requirement is expected to be higher than the 2016 revenue requirement because of an expected increase in recoverable costs, expected rate base growth of 5%, and an expected increase in the monthly average of United States treasury bonds. The 2017 revenue

requirement reconciliation is expected to result in a regulatory asset that will be collected from customers in 2019. A 50 basis point change in the average monthly yields of the 30-year United States Treasury bonds would result in an estimated \$7 million change in Ameren's and Ameren Illinois' net income, based on Ameren Illinois' 2017 projected year-end rate base.

In April 2017, Ameren Illinois filed with the ICC its annual electric distribution service formula rate update to establish the revenue requirement used for 2018 rates. In June 2017, the ICC staff submitted its calculation of the revenue requirement, which Ameren Illinois supported in its revised July 2017 filing, and recommended a decrease to the electric distribution service revenue requirement. Pending ICC approval, this update filing will result in a \$17 million decrease in Ameren Illinois' electric distribution service revenue requirement beginning in January 2018. These rates will affect Ameren Illinois' cash receipts during 2018, but will not determine its electric distribution service operating revenues, which will instead be based on its 2018 actual recoverable costs, rate base, and return on common equity as calculated under the Illinois performance-based formula ratemaking framework. An ICC decision on the revenue requirement used for 2018 rates is expected by December 2017.

Beginning in 2017, the FEJA provides that Ameren Illinois recovers, within the following two years, its electric distribution revenue requirement for a given year, independent of actual sales volumes. In connection with the decoupling provisions of the FEJA, Ameren Illinois changed its method used to recognize its interim period revenue. Ameren Illinois now recognizes revenues consistent with the timing of incurred electric distribution recoverable costs and recognizes revenue associated with the expected return on its rate base ratably over the year. As a result of this change in recognition of the interim period revenue for the IEIMA formula rate framework, as modified by FEJA, Ameren Illinois expects quarterly year-over-year increases to earnings in 2017 in comparison to 2016 for the first, second, and fourth quarters and a decrease to earnings in the third quarter. Ameren Illinois expects an estimated \$57 million decrease to earnings in the third quarter of 2017 and an estimated \$28 million increase to earnings in the fourth quarter of 2017 as a result of the change. The change in interim period revenue recognition will not impact 2017's annual earnings.

In June 2017, the FEJA began to allow Ameren Illinois to earn a return on its electric energy efficiency program investments. Ameren Illinois electric energy efficiency investments will be deferred as a regulatory asset and will earn a return at the company's weighted average cost of capital, with the equity return based on the monthly average yield of the 30-year United States Treasury bonds plus 580 basis points. The equity portion of Ameren Illinois' return on electric energy efficiency investments can also be increased or decreased by 200 basis points based on the achievement of annual energy savings goals. Based on a formula provided in the FEJA, Ameren Illinois estimates it can annually invest up to \$100 million from 2018 through 2021, up to \$107 million annually from 2022 through 2025, and up to \$114 million annually from 2026 through 2030. The ICC has the ability to lower the electric energy efficiency saving goals if there are insufficient cost effective measures available or if achieving the savings goals would require investment levels that exceed the formula amounts shown above. The electric energy efficiency program investments and the return on those investments will be recovered through a rider, and will not be included in the IEIMA formula rate process.

In July 2017, the Illinois legislature passed a bill that increased the state's corporate income tax rate from 7.75% to 9.5% as of July 1, 2017. The bill made the increase in the state's corporate income tax rate, which was previously scheduled to decrease to 7.3% in 2025, permanent. Ameren's consolidated 2017 net income is expected to decrease by \$15 million, including an expense of \$14 million at Ameren (parent), due to the revaluation of accumulated deferred taxes and the estimated state apportionment of such taxes. Beyond this decrease, Ameren does not expect this tax increase to have a material impact on its consolidated net income prospectively. The tax increase is not expected to materially impact the earnings of the Ameren Illinois Electric Distribution, Ameren Transmission, nor Ameren Illinois Transmission segments since these businesses operate under formula ratemaking frameworks. The tax increase is expected to unfavorably affect 2017 net income of the Ameren Illinois Natural Gas segment by less than \$1 million. The Ameren Illinois Natural Gas segment will continue to be impacted by the tax increase by approximately \$1 million annually until a rate review is filed and customer rates are reset in the next rate review.

In early 2018, Ameren Illinois expects to file for a natural gas regulatory rate review with the ICC. Ameren Illinois' current allowed return on equity for natural gas delivery service is 9.60%, with a capital structure of 50% common

equity, a rate base of \$1.2 billion, and a 2016 future test year.

The next scheduled refueling and maintenance outage at Ameren Missouri's Callaway energy center will be in fall 2017. Ameren Missouri expects to incur \$32 million of maintenance expenses, which approximates the cost of the spring 2016 outage. During a scheduled outage, which occurs every 18 months, maintenance expenses increase relative to non-outage years. Additionally, depending on the availability of its other generation sources and the market prices for power, Ameren Missouri's purchased power costs may increase and the amount of excess power available for sale may decrease versus non-outage years. Changes in purchased power costs and excess power available for sale are included in the FAC, which results in limited impacts to earnings.

Ameren and Ameren Missouri expect an approximately \$15 million decrease in annual interest charges as a result of Ameren Missouri's maturity of \$425 million 6.40% senior secured notes and an issuance of \$400 million 2.95% senior secured notes in 2017.

As we continue to make infrastructure investments and to experience cost increases, Ameren Missouri and Ameren Illinois expect to seek regular electric and natural gas rate increases and timely cost recovery and tracking mechanisms from their regulators. Ameren Missouri and Ameren Illinois will also seek legislative solutions, as necessary, to address regulatory lag and to support investment in their utility infrastructure for the benefit of their customers. Ameren Missouri and Ameren Illinois continue to face cost recovery pressures, including limited economic growth in their service territories, customer conservation efforts, the impacts of additional customer energy efficiency programs, and increased customer use of increasingly cost-effective technological advances including private generation and storage. Increased investments, including expected future investments for environmental compliance, system reliability improvements, and new generation capacity, including renewable energy requirements, result in rate base earnings growth but also higher depreciation and financing costs. Increased costs are also expected from rising employee benefit costs, higher property taxes, and higher state income taxes, among other costs. For additional information regarding recent rate orders, lawsuits, the Westinghouse bankruptcy filing, and pending requests filed with state and federal regulatory commissions, see Note 2 – Rate and Regulatory Matters and Note 10 – Callaway Energy Center under Part I, Item 1, of this report and Note 2 – Rate and Regulatory Matters under Part II, Item 8, of the Form 10-K.

Liquidity and Capital Resources

Through 2021, we expect to make significant capital expenditures to improve our electric and natural gas utility infrastructure with a major portion directed to our transmission and distribution systems. We estimate that we will invest in total up to \$11.2 billion (Ameren Missouri – up to \$4.2 billion; Ameren Illinois – up to \$6.4 billion; ATXI – up to \$0.6 billion) of capital expenditures during the period from 2017 through 2021.

Environmental regulations, including those related to CO₂ emissions, or other actions taken by the EPA could result in significant increases in capital expenditures and operating costs. Certain of these regulations are being challenged through litigation, or are being reviewed by the EPA, so their ultimate implementation, as well as the timing of any such implementation, is uncertain. However, the individual or combined effects of existing environmental regulations could result in significant capital expenditures and increased operating costs for Ameren and Ameren Missouri. These costs could result in the closure of some of Ameren Missouri's coal-fired energy centers. Ameren Missouri's capital expenditures are subject to MoPSC prudence reviews, which could result in cost disallowances as well as regulatory lag. The cost of Ameren Illinois' purchased power and natural gas purchased for resale could increase. However, Ameren Illinois expects these costs would be recovered from customers with no material adverse effect on its results of operations, financial position, or liquidity. Ameren's and Ameren Missouri's earnings could benefit from increased investment to comply with environmental regulations if those investments are reflected and recovered on a timely basis in customer rates.

Ameren Missouri files a nonbinding integrated resource plan with the MoPSC every three years and will file its next plan in October 2017. Ameren Missouri's integrated resource plan filed with the MoPSC in October 2014, prior to the issuance of the Clean Power Plan, was a 20-year plan that supported a more diverse energy generation portfolio in Missouri, including coal, solar, wind, natural gas, hydro and nuclear power. The plan involves expanding renewable generation, retiring coal-fired generation as those energy centers reach the end of their useful lives, expanding customer energy efficiency programs, and adding natural gas-fired combined cycle generation.

The Ameren Companies have multiyear credit agreements that cumulatively provide \$2.1 billion of credit through December 2021, subject to a 364-day repayment term in the case of Ameren Missouri and Ameren Illinois. See Note 4 – Short-term Debt and Liquidity under Part I, Item 1, of this report for additional information regarding the Credit Agreements. By the end of 2018, \$378 million and \$707 million of senior secured notes are scheduled to mature at Ameren Missouri and Ameren Illinois, respectively. Ameren Missouri and Ameren Illinois expect to refinance these senior secured notes, as well as a portion of any outstanding short-term debt at the time, with long-term debt. Ameren, Ameren Missouri, and Ameren Illinois believe that their liquidity is adequate given their expected operating cash flows, capital expenditures, and related financing plans. However, there can be no assurance that significant changes in economic conditions, disruptions in the capital and credit markets, or other unforeseen events will not materially affect their ability to execute their expected operating, capital, or financing plans.

In December 2015, a federal tax law was enacted that authorized the continued use of bonus depreciation which allows for an acceleration of deductions for tax purposes at a rate of 50% through 2017. The rate will be reduced to 40% in 2018 and to 30% in 2019. Bonus depreciation will be phased out in 2020 unless a new law is enacted. Ameren expects to use this incremental cash flow to make capital investments in utility infrastructure for the benefit of its customers. Without these investments, bonus depreciation would reduce rate base, which reduces our revenue requirements and future earnings growth. The impact of bonus depreciation on the Ameren Companies will vary based on investment levels at each company.

As of June 30, 2017, Ameren had \$564 million in tax benefits from federal and state net operating loss carryforwards (Ameren Missouri – \$36 million and Ameren Illinois – \$149 million) and \$124 million in federal and state income tax credit carryforwards (Ameren Missouri – \$30 million and Ameren Illinois – \$2 million). In addition, Ameren has \$25 million of expected state income tax refunds and state overpayments. Consistent with the tax allocation agreement between Ameren and its subsidiaries, these carryforwards are expected to

partially offset income tax liabilities for Ameren Missouri through 2019 and Ameren Illinois until 2021. Based on existing tax laws, Ameren does not expect to make material federal income tax payments until 2021. These tax benefits, primarily at the Ameren (parent) level, when realized, would be available to support funding Ameren Transmission investments.

Ameren expects its cash used for capital expenditures and dividends to exceed cash provided by operating activities over the next several years. Ameren expects to use debt to fund such cash shortfalls; it does not currently expect to issue equity over the next several years.

The above items could have a material impact on our results of operations, financial position, or liquidity.

Additionally, in the ordinary course of business, we evaluate strategies to enhance our results of operations, financial position, or liquidity. These strategies may include acquisitions, divestitures, opportunities to reduce costs or increase revenues, and other strategic initiatives to increase Ameren's shareholder value. We are unable to predict which, if any, of these initiatives will be executed. The execution of these initiatives may have a material impact on our future results of operations, financial position, or liquidity.

REGULATORY MATTERS

See Note 2 – Rate and Regulatory Matters under Part I, Item 1, of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the risk of changes in value of a physical asset or a financial instrument, derivative or nonderivative, caused by fluctuations in market variables such as interest rates, commodity prices, and equity security prices. A derivative is a contract whose value is dependent on, or derived from, the value of some underlying asset or index.

The following discussion of our risk management activities includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. We handle market risk in accordance with established policies, which may include entering into various derivative transactions.

In the normal course of business, we also face risks that are either nonfinancial or nonquantifiable. Such risks, principally business, legal, and operational risks, are not part of the following discussion.

Our risk management objectives are to optimize our physical generating assets and to pursue market opportunities within prudent risk parameters. Our risk management policies are set by a risk management steering committee, which is composed of senior-level Ameren officers, with Ameren board of directors oversight.

With the exception of the following, there have been no material changes to the quantitative and qualitative disclosures about interest rate risk, credit risk, equity price risk, commodity price risk, and commodity supplier risk included in the Form 10-K. In the first quarter of 2017, Ameren Missouri's supplier of nuclear fuel assemblies, Westinghouse, filed a voluntary petition for a court-supervised restructuring process under Chapter 11 of the United States Bankruptcy Code. At this time, Ameren and Ameren Missouri believe the restructuring proceeding will not affect Westinghouse's performance under the terms of its existing contracts with Ameren Missouri, and therefore do not expect any material impact to Ameren Missouri's operations as a result of this restructuring proceeding. Ameren Missouri has received all necessary fuel assemblies for the fall 2017 refueling and maintenance outage. See Note 10 – Callaway Energy Center under Part I, Item 1, of this report for additional information. See Item 7A under Part II of the Form 10-K for a more detailed discussion of our market risk.

Fair Value of Contracts

We use derivatives principally to manage the risk of changes in market prices for natural gas, power, and uranium, as well as the risk of changes in rail transportation surcharges through fuel oil hedges. The following table presents the favorable (unfavorable) changes in the fair value of all derivative contracts marked-to-market during the three and six months ended June 30, 2017. We use various methods to determine the fair value of our contracts. In accordance with authoritative accounting guidance for fair value hierarchy levels, the sources we used to determine the fair value of these contracts were active quotes (Level 1), inputs corroborated by market data (Level 2), and other modeling and valuation methods that are not corroborated by market data (Level 3). See Note 7 – Fair Value Measurements under Part I, Item 1, of this report for additional information regarding the methods used to determine the fair value of these contracts.

	Three Months	Six Months
Ameren	Ameren	Ameren

Edgar Filing: AMEREN CORP - Form 10-Q

	Missouri			Ameren		
	Missouri	Illinois	Missouri	Illinois	Missouri	Illinois
Fair value of contracts at beginning of period, net	\$ (7)	\$ (204)	\$ (211)	\$ (4)	\$ (180)	\$ (184)
Contracts realized or otherwise settled during the period	(2)	4	2	(4)	2	(2)
Fair value of new contracts entered into during the period	13	—	13	13	(1)	12
Other changes in fair value	(2)	(5)	(7)	(3)	(26)	(29)
Fair value of contracts outstanding at end of period, net	\$ 2	\$ (205)	\$ (203)	\$ 2	\$ (205)	\$ (203)

57

The following table presents maturities of derivative contracts as of June 30, 2017, based on the hierarchy levels used to determine the fair value of the contracts:

Sources of Fair Value	Maturity Less than 1 Year	Maturity 1-3 Years	Maturity 3-5 Years	Maturity in Excess of 5 Years	Total Fair Value
Ameren Missouri:					
Level 1	\$ (3)	\$ (1)	\$ —	\$ —	\$ (4)
Level 2 ^(a)	(3)	(4)	—	—	(7)
Level 3 ^(b)	13	—	—	—	13
Total	\$ 7	\$ (5)	\$ —	\$ —	\$ 2
Ameren Illinois:					
Level 1	\$ —	\$ 1	\$ —	\$ —	\$ 1
Level 2 ^(a)	(7)	(5)	—	—	(12)
Level 3 ^(b)	(14)	(27)	(28)	(125)	(194)
Total	\$ (21)	\$ (31)	\$ (28)	\$ (125)	\$ (205)
Ameren:					
Level 1	\$ (3)	\$ —	\$ —	\$ —	\$ (3)
Level 2 ^(a)	(10)	(9)	—	—	(19)
Level 3 ^(b)	(1)	(27)	(28)	(125)	(181)
Total	\$ (14)	\$ (36)	\$ (28)	\$ (125)	\$ (203)

(a) Principally fixed-price vs. floating over-the-counter power swaps, power forwards, and fixed-price vs. floating over-the-counter natural gas swaps.

(b) Principally power forward contract values based on information from external sources, historical results, and our estimates. Level 3 also includes option contract values based on an option valuation model.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2017, evaluations were performed under the supervision and with the participation of management, including the principal executive officer and the principal financial officer of each of the Ameren Companies, of the effectiveness of the design and operation of such registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on those evaluations, as of June 30, 2017, the principal executive officer and the principal financial officer of each of the Ameren Companies concluded that such disclosure controls and procedures are effective to provide assurance that information required to be disclosed in such registrant's reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to its management, including its principal executive officer and its principal financial officer, to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls over Financial Reporting

There has been no change in any of the Ameren Companies' internal control over financial reporting during their most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, each of their internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are involved in legal and administrative proceedings before various courts and agencies with respect to matters that arise in the ordinary course of business, some of which involve substantial amounts of money. We believe that the final disposition of these proceedings, except as otherwise disclosed in this report, will not have a material adverse effect on our results of operations, financial position, or liquidity. Risk of loss is mitigated, in some cases, by insurance or contractual or statutory indemnification. Material legal and administrative proceedings, which are discussed in Note 2 – Rate and Regulatory Matters, Note 9 – Commitments and Contingencies, and Note 10 – Callaway Energy Center, under Part I, Item 1, of this report include the following:

•Ameren Illinois' annual electric distribution service formula rate update filed with the ICC in April 2017;
•ATXI's lawsuits filed in October 2016 in the circuit courts of each of Knox, Marion, Schuyler, and Shelby counties in
•Missouri to obtain assents for road crossings in the counties where the Mark Twain transmission project would be
constructed if the alternative route is not approved;
•the February 2015 complaint case filed with the FERC seeking a reduction in the allowed base return on common
equity under the MISO tariff;
•litigation against Ameren Missouri related to the EPA Clean Air Act;

remediation matters associated with former MGP and waste disposal sites of the Ameren Companies; and the class action lawsuit against Ameren Missouri relating to municipal taxes.

ITEM 1A. RISK FACTORS.

A detailed discussion of our risk factors is included in Part I, Item 1A, Risk Factors in the Form 10-K. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in the Form 10-K.

Our operations are subject to acts of terrorism, cyber attacks, and other intentionally disruptive acts.

Like other electric and natural gas utilities, our energy centers, fuel storage facilities, transmission and distribution facilities, and information systems may be affected by terrorist activities and other intentionally disruptive acts, including cyber attacks, which could disrupt our ability to produce or distribute our energy products. Within our industry, there have been attacks on energy infrastructure such as power plants, substations, and related assets in the past, and there may be more attacks in the future. Any such incident could limit our ability to generate, purchase, or transmit power or natural gas and could have significant regional economic consequences. Any such disruption could result in a significant decrease in revenues, a significant increase in costs including those for repair, or adversely impact economic activity in our service territory which could adversely affect our results of operations, financial position, and liquidity.

Our industry has seen an increase in the number and sophistication of cyber attacks. A security breach at our physical assets or in our information systems could affect the reliability of the transmission and distribution system, disrupt electric generation, including nuclear generation, and/or subject us to financial harm associated with theft or inappropriate release of certain types of information, including sensitive customer and employee data. Many of our suppliers, vendors, contractors, and information technology providers have access to our systems that support our operations and maintain customer and employee data. A breach of these third-party systems could adversely affect our business as if it was a breach of our own system. If a significant breach occurred, our reputation could be adversely affected, customer confidence could be diminished, or we could be subject to legal claims, any of which could result in a significant decrease in revenues or significant costs for remedying the impacts of such a breach. Our generation, transmission, and distribution systems are part of an interconnected system. Therefore, a disruption caused by a cyber incident at another utility, electric generator, RTO, or commodity supplier could also adversely affect our businesses. In addition, new regulations could require changes in our security measures and result in increased costs. The occurrence of any of these events could adversely affect our results of operations, financial position, and liquidity.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The following table presents Ameren Corporation's purchases of equity securities reportable under Item 703 of Regulation S-K:

Period	(a) Total Number of Shares (or Units) Purchased ^(a)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plan or Programs	(d) Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1 – April 30, 2017	—	—	—	—
May 1 – May 31, 2017	503	54.24	—	—
June 1 – June 30, 2017	3,701	57.05	—	—
Total	4,204	\$ 56.72	—	—

The May shares of Ameren common stock were purchased in open-market transactions in satisfaction of Ameren's obligations for Ameren board of directors' compensation awards issued under its stock-based compensation plans.

(a) The June shares of Ameren common stock were purchased in open-market transactions in satisfaction of Ameren's obligation to distribute shares of common stock for vested performance units issued under its stock-based compensation plans. Ameren does not have any publicly announced equity securities repurchase plans or programs. Ameren Missouri and Ameren Illinois did not purchase equity securities reportable under Item 703 of Regulation S-K during the period from April 1, 2017 to June 30, 2017.

ITEM 6. EXHIBITS.

The documents listed below are being filed or have previously been filed on behalf of the Ameren Companies and are incorporated herein by reference from the documents indicated and made a part hereof. Exhibits not identified as previously filed are filed herewith.

Exhibit Designation	Registrant(s)	Nature of Exhibit	Previously Filed as Exhibit to:
Instruments Defining Rights of Security Holders, Including Indentures			
4.1	Ameren Missouri	Ameren Missouri Indenture Company Order, dated June 15, 2017, establishing the 2.950% Senior Notes due 2027 (including the global note)	June 15, 2017 Form 8-K, Exhibits 4.2 and 4.3, File No. 1-2967
4.2	Ameren Missouri	Supplemental Secured Indenture to the Ameren Missouri Mortgage dated June 1, 2017 relative to Series RR	June 15, 2017 Form 8-K, Exhibit 4.5, File No. 1-2967
4.3	Ameren	Note Purchase Agreement, dated June 22, 2017, between Ameren Transmission Company of Illinois and the several purchasers named therein	June 22, 2017 Form 8-K, Exhibit 4.1, File No. 1-14756
Statement re: Computation of Ratios			
12.1	Ameren	Ameren's Statement of Computation of Ratio of Earnings to Fixed Charges	
12.2	Ameren Missouri	Ameren Missouri's Statement of Computation of Ratio of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Stock Dividend Requirements	
12.3	Ameren Illinois	Ameren Illinois' Statement of Computation of Ratio of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Stock Dividend Requirements	
Rule 13a-14(a) / 15d-14(a) Certifications			
31.1	Ameren	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of Ameren	
31.2	Ameren	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of Ameren	
31.3	Ameren Missouri	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of Ameren Missouri	
31.4	Ameren Missouri	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of Ameren Missouri	
31.5	Ameren Illinois	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of Ameren Illinois	
31.6	Ameren Illinois	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of Ameren Illinois	
Section 1350 Certifications			
32.1	Ameren	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of Ameren	
32.2	Ameren Missouri	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of Ameren Missouri	
32.3	Ameren Illinois	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of Ameren Illinois	
Interactive Data Files			
101.INS	Ameren Companies	XBRL Instance Document	

Edgar Filing: AMEREN CORP - Form 10-Q

101.SCH	Ameren Companies	XBRL Taxonomy Extension Schema Document
101.CAL	Ameren Companies	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Ameren Companies	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Ameren Companies	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Ameren Companies	XBRL Taxonomy Extension Definition Document

The file number references for the Ameren Companies' filings with the SEC are: Ameren, 1-14756; Ameren Missouri, 1-2967; and Ameren Illinois, 1-3672.

Each registrant hereby undertakes to furnish to the SEC upon request a copy of any long-term debt instrument not listed above that such registrant has not filed as an exhibit pursuant to the exemption provided by Item 601(b)(4)(iii)(A) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Exchange Act, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiaries.

AMEREN CORPORATION

(Registrant)

/s/ Martin J. Lyons, Jr.

Martin J. Lyons, Jr.

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

UNION ELECTRIC COMPANY

(Registrant)

/s/ Martin J. Lyons, Jr.

Martin J. Lyons, Jr.

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

AMEREN ILLINOIS COMPANY

(Registrant)

/s/ Martin J. Lyons, Jr.

Martin J. Lyons, Jr.

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: August 4, 2017