AMEREN CORP
Form 10-Q
November 02, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

ý Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended September 30, 2018
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 ý	No ¨
Union Electric Company	Yes ý	No ¨
Ameren Illinois Company	Yes ý	No ¨

Indicate by check mark whether each registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

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

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 ý
Union Electric Company	Yes ¨	No ý
Ameren Illinois Company	Yes ¨	No ý

The number of shares outstanding of each registrant’s classes of common stock as of October 31, 2018, was as follows:

Ameren Corporation	Common stock, $0.01 par value per share – 244,295,792
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.

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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.

2017 IRP – Integrated Resource Plan, a 20-year nonbinding plan Ameren Missouri filed with the MoPSC in September 2017, that includes Ameren Missouri’s preferred approach for meeting customers’ projected long-term energy needs in a cost-effective manner while maintaining system reliability.

CCR Rule – Coal Combustion Residuals Rule, a rule promulgated by the EPA that established regulations for the disposal of CCR in landfills and surface impoundments.

Form 10-K – The combined Annual Report on Form 10-K for the year ended December 31, 2017, filed by the Ameren Companies with the SEC.

Missouri Senate Bill 564 – A Missouri law that resulted in certain changes to the regulation of Ameren Missouri’s electric service business. These changes include a reduction of customer rates to pass through the effect of the reduction in the federal statutory corporate income tax rate enacted under the TCJA and, at each electric utility's election, the use of PISA, among other things.

PISA – Plant-in-service accounting, an election under Missouri Senate Bill 564 that permits electric utilities to defer and recover 85% of the depreciation expense and a weighted-average cost of capital return on rate base on certain property, plant, and equipment placed in-service after the PISA election date. The rate base on which the return is calculated incorporates qualifying capital expenditures since the PISA election date as well as changes in total accumulated depreciation excluding retirements and plant-related deferred income taxes. Accumulated PISA deferrals earn carrying costs at the weighted-average cost of capital.

RESRAM – Renewable energy standard rate-adjustment mechanism, a cost recovery mechanism allowed under state law that, upon approval by the MoPSC, would enable Ameren Missouri to recover costs relating to compliance with Missouri's renewable energy standard, including recovery of investments in wind generation and other renewables, and earn a return on those investments not already provided for in customer rates or any other recovery mechanism by adjusting customer rates on an annual basis without a traditional regulatory rate review. RESRAM regulatory assets will earn carrying costs at short-term interest rates.

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 the effects of the TCJA, and 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 Missouri’s proposed RESRAM filed with the MoPSC in May 2018, Ameren Missouri’s requested certificate of convenience and necessity for a wind generation facility filed with the MoPSC in October 2018, Ameren Missouri’s proposed customer energy-efficiency plan under the MEEIA filed with the MoPSC in June 2018 and revised in October 2018, and future regulatory, judicial, or legislative actions that change regulatory recovery mechanisms;
- the effect of Ameren Illinois’ participation in performance-based formula ratemaking frameworks under the IEIMA and the FEJA, 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 effect of the implementation of Missouri Senate Bill 564 on Ameren Missouri, including Ameren Missouri’s election to use PISA and the resulting customer rates caps;
- 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, or rates, amendments or technical corrections to the TCJA, 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 programs, including Ameren Missouri’s proposed customer energy-efficiency plan filed with the MoPSC in June 2018 and revised in October 2018;

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- Ameren Illinois' ability to achieve the FEJA electric customer 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 and to recover these costs in a timely manner in our attempt to earn our allowed returns on equity;
- 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 and credits, including our ability to recover the costs for such commodities and credits and our customers' tolerance for any related price 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 one NRC-licensed supplier of Callaway energy center's assemblies;
- 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;
- 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, including as a result of the implementation of the TCJA, 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 inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments;
- the impact of weather conditions 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;
- operation of Ameren Missouri's Callaway energy center, including planned and unplanned outages, and decommissioning costs;
- the impact of current environmental regulations and new, more stringent, or changing requirements, including those related to CO_2 and the proposed repeal and replacement of the Clean Power Plan and potential adoption and implementation of the Affordable Clean Energy Rule, other emissions and discharges, cooling water intake structures, CCR, and energy efficiency, 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 and Illinois and with the zero emission standard in Illinois;
- Ameren Missouri's ability to acquire wind and other renewable generation facilities and recover its cost of investment and related return in a timely manner, which is affected by the ability to obtain all necessary project approvals; the availability of federal production and investment tax credits related to renewable energy and Ameren Missouri's ability to use such credits; the cost of wind generation technologies; Ameren Missouri's ability to obtain timely interconnection agreements with MISO or other RTOs, including the costs of such interconnections; and the implementation of a RESRAM;
- labor disputes, work force reductions, future wage and employee benefits costs, including changes in discount rates, mortality tables, returns on benefit plan assets, and other assumptions;

- the impact of negative opinions of us or our utility services that our customers, legislators, or regulators may have or develop, which could result from a variety of factors, including failures in system reliability, failure to implement our investment plans or to protect sensitive customer information, increases in rates, or negative media coverage;
- the impact of adopting new accounting guidance;
- the effects of strategic initiatives, including mergers, acquisitions, and divestitures;
- legal and administrative proceedings;
- the impact of cyberattacks, which could, among other things, 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, employee, financial, and operating system 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 AND COMPREHENSIVE INCOME
(Unaudited) (In millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues:				
Electric	$1,590	$1,594	$4,209	$4,183
Natural gas	134	129	663	592
Total operating revenues	1,724	1,723	4,872	4,775
Operating Expenses:				
Fuel	216	199	590	594
Purchased power	148	163	453	493
Natural gas purchased for resale	30	25	252	196
Other operations and maintenance	429	413	1,299	1,262
Depreciation and amortization	241	225	713	668
Taxes other than income taxes	127	129	374	364
Total operating expenses	1,191	1,154	3,681	3,577
Operating Income	533	569	1,191	1,198
Other Income, Net	32	23	84	61
Interest Charges	101	97	302	295
Income Before Income Taxes	464	495	973	964
Income Taxes	105	205	221	376
Net Income	359	290	752	588
Less: Net Income Attributable to Noncontrolling Interests	2	2	5	5
Net Income Attributable to Ameren Common Shareholders	$357	$288	$747	$583
Net Income	$359	$290	$752	$588
Other Comprehensive Income, Net of Taxes				
Pension and other postretirement benefit plan activity, net of income taxes of $-, $-, $-, and $1, respectively	2	—	1	2
Comprehensive Income	361	290	753	590
Less: Comprehensive Income Attributable to Noncontrolling Interests	2	2	5	5
Comprehensive Income Attributable to Ameren Common Shareholders	$359	$288	$748	$585
Earnings per Common Share – Basic	$1.46	$1.19	$3.06	$2.40
Earnings per Common Share – Diluted	$1.45	$1.18	$3.04	$2.39
Dividends per Common Share	$0.4575	$0.4400	$1.3725	$1.3200
Weighted-average Common Shares Outstanding – Basic	244.1	242.6	243.6	242.6
Weighted-average Common Shares Outstanding – Diluted	246.3	244.7	245.5	244.0

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

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

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 11	$ 10
Accounts receivable – trade (less allowance for doubtful accounts of $22 and $19, respectively)	605	445
Unbilled revenue	260	323
Miscellaneous accounts receivable	84	70
Inventories	525	522
Current regulatory assets	72	144
Other current assets	83	98
Total current assets	1,640	1,612
Property, Plant, and Equipment, Net	22,379	21,466
Investments and Other Assets:		
Nuclear decommissioning trust fund	752	704
Goodwill	411	411
Regulatory assets	1,130	1,230
Other assets	647	522
Total investments and other assets	2,940	2,867
TOTAL ASSETS	$ 26,959	$ 25,945
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 649	$ 841
Short-term debt	521	484
Accounts and wages payable	591	902
Taxes accrued	154	52
Interest accrued	108	99
Customer deposits	126	108
Current regulatory liabilities	114	128
Other current liabilities	317	326
Total current liabilities	2,580	2,940
Long-term Debt, Net	7,614	7,094
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	2,692	2,506
Accumulated deferred investment tax credits	45	49
Regulatory liabilities	4,652	4,387
Asset retirement obligations	640	638
Pension and other postretirement benefits	529	545
Other deferred credits and liabilities	409	460
Total deferred credits and other liabilities	8,967	8,585
Commitments and Contingencies (Notes 2, 9, and 10)		
Ameren Corporation Shareholders' Equity:		
Common stock, $.01 par value, 400.0 shares authorized – shares outstanding of 244.2 and 242.6, respectively	2	2
Other paid-in capital, principally premium on common stock	5,598	5,540

Retained earnings	2,073	1,660
Accumulated other comprehensive loss	(17)	(18)
Total Ameren Corporation shareholders' equity	7,656	7,184
Noncontrolling Interests	142	142
Total equity	7,798	7,326
TOTAL LIABILITIES AND EQUITY	$ 26,959	$ 25,945

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

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

	Nine Months Ended September 30,					
	2018			2017		
Cash Flows From Operating Activities:						
Net income	$	752		$	588	
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	699			653		
Amortization of nuclear fuel	71			71		
Amortization of debt issuance costs and premium/discounts	16			16		
Deferred income taxes and investment tax credits, net	212			366		
Allowance for equity funds used during construction	(25		)	(16		)
Stock-based compensation costs	15			12		
Other	21			(7		)
Changes in assets and liabilities:						
Receivables	(129		)	(59		)
Inventories	(4		)	(20		)
Accounts and wages payable	(198		)	(183		)
Taxes accrued	92			138		
Regulatory assets and liabilities	213			89		
Assets, other	(2		)	18		
Liabilities, other	(45		)	12		
Pension and other postretirement benefits	(2		)	(31		)
Net cash provided by operating activities	1,686			1,647		
Cash Flows From Investing Activities:						
Capital expenditures	(1,689		)	(1,523		)
Nuclear fuel expenditures	(30		)	(52		)
Purchases of securities – nuclear decommissioning trust fund	(172		)	(187		)
	159			175		

Sales and maturities of securities – nuclear decommissioning trust fund						
Other	13			3		
Net cash used in investing activities	(1,719		)	(1,584		)
Cash Flows From Financing Activities:						
Dividends on common stock	(334		)	(320		)
Dividends paid to noncontrolling interest holders	(5		)	(5		)
Short-term debt, net	36			(112		)
Maturities of long-term debt	(522		)	(425		)
Issuances of long-term debt	853			849		
Issuances of common stock	56			—		
Repurchases of common stock for stock-based compensation	—			(24		)
Employee payroll taxes related to stock-based compensation	(19		)	(15		)
Debt issuance costs	(9		)	(5		)
Other	1			(1		)
Net cash provided by (used in) financing activities	57			(58		)
Net change in cash, cash equivalents, and restricted cash	24			5		
Cash, cash equivalents, and restricted cash at beginning of year	68			52		
Cash, cash equivalents, and restricted cash at end of period	$	92		$	57	
Noncash financing activity – Issuance of common stock for stock-based compensation	$	35		$	—	

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues:				
Electric	$1,111	$1,099	$2,782	$2,758
Natural gas	18	17	94	83
Total operating revenues	1,129	1,116	2,876	2,841
Operating Expenses:				
Fuel	216	199	590	594
Purchased power	49	43	131	203
Natural gas purchased for resale	5	4	37	29
Other operations and maintenance	234	229	707	672
Depreciation and amortization	137	134	411	399
Taxes other than income taxes	94	95	258	255
Total operating expenses	735	704	2,134	2,152
Operating Income	394	412	742	689
Other Income, Net	16	16	45	48
Interest Charges	50	50	152	157
Income Before Income Taxes	360	378	635	580
Income Taxes	65	143	132	218
Net Income	295	235	503	362
Preferred Stock Dividends	1	1	3	3
Net Income Available to Common Shareholder	$294	$234	$500	$359

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)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ —	$ —
Advances to money pool	28	—
Accounts receivable – trade (less allowance for doubtful accounts of $8 and $7, respectively)	331	200
Accounts receivable – affiliates	16	11
Unbilled revenue	153	165
Miscellaneous accounts receivable	61	35
Inventories	385	388
Current regulatory assets	28	56
Other current assets	40	50
Total current assets	1,042	905
Property, Plant, and Equipment, Net	11,933	11,751
Investments and Other Assets:		
Nuclear decommissioning trust fund	752	704
Regulatory assets	351	395
Other assets	305	288
Total investments and other assets	1,408	1,387
TOTAL ASSETS	$ 14,383	$ 14,043
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 336	$ 384
Short-term debt	—	39
Accounts and wages payable	246	475
Accounts payable – affiliates	90	60
Taxes accrued	138	30
Interest accrued	62	54
Current regulatory liabilities	48	19
Other current liabilities	115	103
Total current liabilities	1,035	1,164
Long-term Debt, Net	3,668	3,577
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	1,636	1,650
Accumulated deferred investment tax credits	44	48
Regulatory liabilities	2,799	2,664
Asset retirement obligations	636	634
Pension and other postretirement benefits	204	213
Other deferred credits and liabilities	5	12
Total deferred credits and other liabilities	5,324	5,221
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	1,858	1,858
Preferred stock	80	80

Retained earnings	1,907	1,632
Total shareholders' equity	4,356	4,081
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 14,383	$ 14,043

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

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

	Nine Months Ended September 30, 2018			2017		
Cash Flows From Operating Activities:						
Net income	$	503		$	362	
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	398			384		
Amortization of nuclear fuel	71			71		
Amortization of debt issuance costs and premium/discounts	4			5		
Deferred income taxes and investment tax credits, net	4			55		
Allowance for equity funds used during construction	(19		)	(15		)
Other	14			4		
Changes in assets and liabilities:						
Receivables	(156		)	(117		)
Inventories	3			(3		)
Accounts and wages payable	(168		)	(151		)
Taxes accrued	148			160		
Regulatory assets and liabilities	149			48		
Assets, other	—			19		
Liabilities, other	7			4		
Pension and other postretirement benefits	3			(7		)
Net cash provided by operating activities	961			819		
Cash Flows From Investing Activities:						
Capital expenditures	(664		)	(533		)
Nuclear fuel expenditures	(30		)	(52		)
Purchases of securities – nuclear decommissioning trust fund	(172		)	(187		)
Sales and maturities of securities – nuclear decommissioning trust	159			175		

fund		
Money pool advances, net	(28)	143
Net cash used in investing activities	(735)	(454)
Cash Flows From Financing Activities:		
Dividends on common stock	(225)	(332)
Dividends on preferred stock	(3)	(3)
Short-term debt, net	(39)	—
Maturities of long-term debt	(378)	(425)
Issuances of long-term debt	423	399
Debt issuance costs	(4)	(3)
Net cash used in financing activities	(226)	(364)
Net change in cash, cash equivalents, and restricted cash	—	1
Cash, cash equivalents, and restricted cash at beginning of year	7	5
Cash, cash equivalents, and restricted cash at end of period	$ 7	$ 6

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues:				
Electric	$ 448	$ 462	$ 1,333	$ 1,343
Natural gas	116	112	569	510
Total operating revenues	564	574	1,902	1,853
Operating Expenses:				
Purchased power	105	124	334	312
Natural gas purchased for resale	25	21	215	167
Other operations and maintenance	195	186	590	598
Depreciation and amortization	94	86	278	254
Taxes other than income taxes	32	33	108	101
Total operating expenses	451	450	1,525	1,432
Operating Income	113	124	377	421
Other Income, Net	11	5	30	8
Interest Charges	38	36	112	109
Income Before Income Taxes	86	93	295	320
Income Taxes	23	38	73	127
Net Income	63	55	222	193
Preferred Stock Dividends	—	—	2	2
Net Income Available to Common Shareholder	$ 63	$ 55	$ 220	$ 191

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)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ —	$ —
Accounts receivable – trade (less allowance for doubtful accounts of $14 and $12, respectively)	251	234
Accounts receivable – affiliates	36	9
Unbilled revenue	107	158
Miscellaneous accounts receivable	33	35
Inventories	140	134
Current regulatory assets	44	87
Other current assets	18	15
Total current assets	629	672
Property, Plant, and Equipment, Net	8,969	8,293
Investments and Other Assets:		
Goodwill	411	411
Regulatory assets	743	822
Other assets	258	147
Total investments and other assets	1,412	1,380
TOTAL ASSETS	$ 11,010	$ 10,345
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 313	$ 457
Short-term debt	108	62
Borrowings from money pool	45	—
Accounts and wages payable	275	337
Accounts payable – affiliates	44	70
Taxes accrued	15	19
Interest accrued	39	33
Customer deposits	84	69
Current environmental remediation	50	42
Current regulatory liabilities	48	92
Other current liabilities	161	177
Total current liabilities	1,182	1,358
Long-term Debt, Net	2,801	2,373
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	1,081	1,021
Regulatory liabilities	1,732	1,629
Pension and other postretirement benefits	284	285
Environmental remediation	113	134
Other deferred credits and liabilities	207	235
Total deferred credits and other liabilities	3,417	3,304
Commitments and Contingencies (Notes 2, 8, and 9)		
Shareholders' Equity:		
Common stock, no par value, 45.0 shares authorized – 25.5 shares outstanding	—	—

Other paid-in capital	2,093	2,013
Preferred stock	62	62
Retained earnings	1,455	1,235
Total shareholders’ equity	3,610	3,310
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	$ 11,010	$ 10,345

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)
STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Nine Months Ended September 30, 2018			2017		
Cash Flows From Operating Activities:						
Net income	$	222		$	193	
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	278			254		
Amortization of debt issuance costs and premium/discounts	10			10		
Deferred income taxes and investment tax credits, net	56			161		
Other	5			(1		)
Changes in assets and liabilities:						
Receivables	21			59		
Inventories	(7		)	(17		)
Accounts and wages payable	(44		)	(24		)
Taxes accrued	(40		)	(22		)
Regulatory assets and liabilities	63			45		
Assets, other	—			(5		)
Liabilities, other	(40		)	(2		)
Pension and other postretirement benefits	(8		)	(19		)
Net cash provided by operating activities	516			632		
Cash Flows From Investing Activities:						
Capital expenditures	(947		)	(760		)
Other	10			6		
Net cash used in investing activities	(937		)	(754		)
Cash Flows From Financing Activities:						
Dividends on preferred stock	(2		)	(2		)
Short-term debt, net	46			118		
Money pool borrowings, net	45			11		
	(144		)	—		

Maturities of long-term debt		
Issuances of long-term debt	430	—
Debt issuance costs	(5)	—
Capital contribution from parent	80	—
Other	1	(1)
Net cash provided by financing activities	451	126
Net change in cash, cash equivalents, and restricted cash	30	4
Cash, cash equivalents, and restricted cash at beginning of year	41	28
Cash, cash equivalents, and restricted cash at end of period	$ 71	$ 32

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)
September 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company whose 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 are listed below. Ameren has other subsidiaries that conduct other activities, such as providing shared services. Ameren evaluates competitive electric transmission investment opportunities 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 and Mark Twain projects, and placed the Spoon River project in service in February 2018.

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.

As of September 30, 2018, and December 31, 2017, Ameren had unconsolidated variable interests as a limited partner in various equity method investments, totaling $20 million and $17 million, respectively, included in "Other assets" on Ameren's consolidated balance sheet. Ameren is not the primary beneficiary of these investments because it does not have the power to direct matters that most significantly affect the activities of these variable interest entities. As of September 30, 2018, the maximum exposure to loss related to these variable interests is limited to the investment in these partnerships of $20 million plus associated outstanding funding commitments of $17 million.

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 presentation 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. These financial statements should be read in conjunction with the financial statements and accompanying notes included in the Form 10-K.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include short-term, highly liquid investments purchased with an original maturity of three months or less. Cash and cash equivalents subject to legal or contractual restrictions and not readily available for use for general corporate purposes are classified as restricted cash.

In November 2016, the FASB issued authoritative guidance that requires, including on a retrospective basis, restricted cash to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Our adoption of this guidance, effective January 2018, did not result in material changes to previously reported cash flows from operating, investing, or financing activities.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets and the statements of cash flows as of September 30, 2018 and 2017, and December 31, 2017 and 2016:

	September 30, 2018			December 31, 2017			September 30, 2017			December 31, 2016		
	Ameren	Ameren Missouri	Ameren Illinois	Ameren	Ameren Missouri	Ameren Illinois	Ameren	Ameren Missouri	Ameren Illinois	Ameren	Ameren Missouri	Ameren Illinois
Cash and cash equivalents[(a)]	$ 11	$ —	$ —	$ 10	$ —	$ —	$ 9	$ —	$ —	$ 9	$ —	$ —
Restricted cash included in "Other current assets"	15	4	8	21	5	6	19	4	5	20	4	6
Restricted cash included in "Other assets"	63	—	63	35	—	35	27	—	27	22	—	22
Restricted cash included in "Nuclear decommissioning trust fund"	3	3	(b)	2	2	(b)	2	2	(b)	1	1	(b)
Total cash, cash equivalents, and restricted cash[(c)]	$ 92	$ 7	$ 71	$ 68	$ 7	$ 41	$ 57	$ 6	$ 32	$ 52	$ 5	$ 28

(a) As presented on the balance sheets.
(b) Not applicable.
(c) As presented on the statements of cash flows.

Restricted cash included in Ameren's other current assets primarily represents participant funds from Ameren (parent)'s DRPlus and funds held by an irrevocable Voluntary Employee Beneficiary Association (VEBA) trust, which provides health care benefits for active employees. Restricted cash included in Ameren Missouri's and Ameren Illinois' other current assets primarily represents funds held by the VEBA trust.

Restricted cash included in Ameren's and Ameren Illinois' other assets primarily represents amounts in a trust fund restricted for the use of funding certain asbestos-related claims and amounts collected under a cost recovery rider that are restricted for use in the procurement of renewable energy credits.

Supplemental Cash Flow Information

The following table provides noncash investing activity excluded from the statements of cash flows for the nine months ended September 30, 2018 and 2017:

	September 30, 2018			September 30, 2017		
	Ameren[(a)]	Ameren Missouri	Ameren Illinois	Ameren[(a)]	Ameren Missouri	Ameren Illinois
Accrued capital expenditures	$ 240	$ 94	$ 133	$ 202	$ 70	$ 100
Net realized and unrealized gain – nuclear decommissioning trust fund	33	33	(b)	53	53	(b)

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries.
(b) Not applicable.

Accounts Receivable

"Accounts receivable – trade" on Ameren's and Ameren Illinois' balance sheets include certain receivables purchased at a discount from alternative retail electric suppliers that elect to participate in the utility consolidated billing program. At September 30, 2018, and December 31, 2017, "Other current liabilities" on Ameren's and Ameren Illinois' balance sheets included payables for purchased receivables of $40 million and $31 million, respectively.

For the three and nine months ended September 30, 2018 and 2017, the Ameren Companies recorded immaterial bad debt expense.

Asset Retirement Obligations

The following table provides a reconciliation of the beginning and ending carrying amount of AROs for the nine months ended September 30, 2018:

	Ameren Missouri	Ameren Illinois[a]	Ameren
Balance at December 31, 2017	$ 640 [b]	$ 4	$ 644 [b]
Liabilities settled	(4)	(c)	(4)
Accretion[d]	20	(c)	20
Change in estimates[e]	(14)	—	(14)
Balance at September 30, 2018	$ 642 [b]	$ 4	$ 646 [b]

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

(b) Balance included $6 million in “Other current liabilities” on the balance sheet as of both December 31, 2017, and September 30, 2018.

(c) Less than $1 million.

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

(e) Ameren Missouri changed its fair value estimate primarily due to a reduction in the cost estimate for closure of certain CCR storage facilities.

Company-owned Life Insurance

Ameren and Ameren Illinois have company-owned life insurance, which is recorded at the net cash surrender value. The net cash surrender value is the amount that can be realized under the insurance policies at the balance sheet date. As of September 30, 2018, the cash surrender value of company-owned life insurance at Ameren and Ameren Illinois was $256 million (December 31, 2017 – $265 million) and $120 million (December 31, 2017 – $129 million), respectively, while total borrowings against the policies were $113 million (December 31, 2017 – $120 million) at both Ameren and Ameren Illinois. Ameren and Ameren Illinois have the right to offset the borrowings against the cash surrender value of the policies and, consequently, present the net asset in “Other assets” on their respective balance sheets.

Stock-based Compensation

The following table summarizes Ameren's nonvested performance share unit and restricted stock unit activity for the nine months ended September 30, 2018:

	Performance Share Units		Restricted Stock Units	
	Share Units	Weighted-average Fair Value per Share Unit	Stock Units	Weighted-average Fair Value per Stock Unit
Nonvested at January 1, 2018[a]	895,489	$ 52.28	—	$ —
Granted	313,984	62.88	186,728	57.65
Forfeitures	(62,865)	50.78	(4,964)	58.99
Undistributed vested units[b]	(217,350)	53.57	(19,742)	59.01
Vested and distributed	(176,043)	52.88	—	—
Nonvested at September 30, 2018[c]	753,215	$ 56.31	162,022	$ 57.44

(a) Does not include 712,572 undistributed vested performance share units.

(b) Undistributed vested units are awards that vested due to attainment of retirement eligibility by certain employees, but have not yet been distributed. For undistributed vested performance share units, the number of shares issued for retirement-eligible employees will vary depending on actual performance over the three-year performance period.

(c) Does not include 548,542 undistributed vested performance share units and 19,742 undistributed vested restricted stock units.

Performance Share Units

A performance share unit vests and entitles an employee to receive shares of Ameren common stock (plus accumulated dividends) if, at the end of the three-year performance period, certain specified market conditions have been met and if the individual remains employed by Ameren through the required vesting period. The vesting period for share units awarded extends beyond the three-year performance period to the payout date, which is approximately 38 months after the grant date. In the event of a participant's death or retirement at age 55 or older with five or more years of service, awards vest on a pro rata basis over the three-year performance period. The exact number of shares issued pursuant to a share unit varies from 0% to 200% of the target award, depending on actual company performance relative to the performance goals.

The fair value of each performance share unit granted in 2018 was determined to be $62.88, which was based on Ameren's closing common share price of $58.99 at December 31, 2017, 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, 2018, relative to the designated peer group. The significant assumptions used to calculate fair value included a three-year risk-free rate of 1.98% and volatility of 15% to 23% for the peer group.

Restricted Stock Units

Restricted stock units vest and entitle an employee to receive shares of Ameren common stock (plus accumulated dividends) if the individual remains employed with Ameren through the payment date of the awards. Generally, in the event of a participant's death or retirement at age 55 or older with five or more years of service, awards vest on a pro rata basis. The payout date of the awards is approximately 38 months after the grant date. The fair value of each restricted stock unit is determined by Ameren's closing common share price on the grant date.

Deferred Compensation

As of both September 30, 2018, and December 31, 2017, "Other deferred credits and liabilities" on Ameren's balance sheet included deferred compensation obligations of $86 million recorded at the present value of future benefits to be paid.

Operating Revenues

In the first quarter of 2018, we adopted authoritative accounting guidance related to revenue from contracts with customers using the full retrospective method, with no material changes to the amount or timing of revenue recognition. We record revenues from contracts with customers for various electric and natural gas services, which primarily consist of retail distribution, electric transmission, and off-system arrangements. When more than one performance obligation exists in a contract, the consideration under the contract is allocated to the performance obligations based on the relative standalone selling price.

Electric and natural gas retail distribution revenues are earned when the commodity is delivered to our customers. We accrue an estimate of electric and natural gas retail distribution revenues for service provided but unbilled at the end of each accounting period.

Electric transmission revenues are earned as electric transmission services are provided.

Off-system revenues are primarily comprised of MISO revenues and wholesale bilateral revenues. MISO revenues include the sale of electricity, capacity, and ancillary services. Wholesale bilateral revenues include the sale of electricity and capacity. MISO-related electricity and wholesale bilateral electricity revenues are earned as electricity is delivered. MISO-related capacity and ancillary service revenues and wholesale bilateral capacity revenues are earned as services are provided.

Retail distribution, electric transmission, and off-system revenues, including the underlying components described above, represent a series of goods or services that are substantially the same and have the same pattern of transfer over time to our customers. Revenues from contracts with customers is equal to the amounts billed and our estimate of electric and natural gas retail distribution services provided but unbilled at the end of each accounting period. Revenues are billed at least monthly, and payments are due less than one month after goods and/or services are provided. See Note 13 – Segment Information for disaggregated revenue information.

For certain regulatory recovery mechanisms that are alternative revenue programs, rather than revenues from contracts with customers, we 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. Our alternative revenue programs include revenue requirement reconciliations, MEEIA, and VBA. These revenues are subsequently recognized as revenues from contracts with customers when billed, with an offset to alternative revenue program revenues.

The Ameren Companies elected not to include disclosure related to the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period for contracts with an initial expected term of one year or less. As of September 30, 2018 and 2017, our remaining performance obligations were immaterial.

Excise Taxes

Ameren Missouri and Ameren Illinois collect from their customers excise taxes, including municipal and state excise taxes and gross receipts taxes, that are levied on the sale or distribution of natural gas and electricity. The following table presents the excise taxes recorded on a gross basis in “Operating Revenues – Electric,” “Operating Revenues – Natural gas” and “Operating Expenses – Taxes other than income taxes” on the statements of income for the three and nine months ended September 30, 2018 and 2017:

	Three Months		Nine Months	
	2018	2017	2018	2017
Ameren Missouri	$ 52	$ 51	$ 133	$ 122
Ameren Illinois	26	26 [(a)]	89	82 [(a)]
Ameren	$ 78	$ 77 [(a)]	$ 222	$ 204 [(a)]

(a) Amounts have been adjusted from those previously reported to reflect additional excise taxes for the three and nine months ended September 30, 2017.

Earnings per Share

Earnings per basic and diluted share are computed by dividing “Net Income Attributable to Ameren Common Shareholders” by the weighted-average number of basic and diluted common shares outstanding, respectively, during the period. Earnings per diluted share is computed by dividing “Net Income Attributable to Ameren Common Shareholders” by the weighted-average number of diluted common shares outstanding during the period. Earnings per diluted share reflects the dilution that would occur if certain stock-based performance share units and restricted stock units were assumed to be settled. The number of potential common shares assumed to have been issued was 2.2 million and 1.9 million in the three and nine months ended September 30, 2018, respectively, and 2.1 million and 1.4 million, respectively, in the year-ago periods. There were no potentially dilutive securities excluded from the earnings per diluted share calculations for the three and nine months ended September 30, 2018 and 2017.

Accounting and Reporting Developments

In the first quarter of 2018, the Ameren Companies adopted authoritative accounting guidance on various topics. See the Operating Revenues section above for more information on our adoption of the guidance on revenue from contracts with customers. See Note 11 – Retirement Benefits for more information on our adoption of the guidance on the presentation of net periodic pension and postretirement benefit cost. See the Cash, Cash Equivalents, and Restricted Cash section above for more information on our adoption of the guidance on restricted cash. Our adoption of the guidance on the recognition and measurement of financial assets and financial liabilities did not have a material impact on our results of operations or financial position.

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 the measurement of credit losses on financial instruments and the reclassification of certain tax effects from accumulated OCI.

Leases

In February 2016, the FASB issued authoritative guidance that requires an entity to recognize assets and liabilities arising from all leases with a term greater than one year. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease will depend on its classification as a finance lease or operating lease. The guidance also requires additional disclosures to enable users of financial statements to understand the amount, timing, and uncertainty of cash flows arising from leases. This guidance will affect the Ameren Companies’ financial position by increasing the assets and liabilities recorded relating to their operating leases. We are also assessing the impacts of this guidance on our results of operations, cash flows, and disclosures. We have selected a software vendor and are in the process of implementing system changes required for the implementation of this guidance. We are currently assessing our agreements to determine those that are within the scope of this guidance. This guidance will be effective for the Ameren Companies in the first quarter of 2019.

In July 2018, the FASB issued authoritative guidance that provides entities with an optional transition method for adopting the new leases standard. Under this optional transition method, the Ameren Companies may adopt the new leases standard by recognizing a cumulative-effect adjustment to our January 1, 2019, retained earnings balances.

Periods prior to 2019 would continue to be presented and disclosed in the financial statements in accordance with current GAAP. We are currently assessing whether we will elect this optional transition method.

Fair Value Measurement Disclosures

In August 2018, the FASB issued authoritative guidance that affects disclosure requirements for fair value measurements. The guidance will be effective for the Ameren Companies in the first quarter of 2020, with early adoption permitted. We are currently assessing the impacts of this guidance on our disclosures.

Defined Benefit Plan Disclosures

In August 2018, the FASB issued authoritative guidance that affects disclosure requirements for defined benefit plans. The guidance will be effective for the Ameren Companies in the fourth quarter of 2020, and will require changes to be applied retrospectively to each period presented. Early adoption is permitted. We are currently assessing the impacts of this guidance on our disclosures.

Implementation Costs Incurred in Certain Cloud Computing Arrangements

In August 2018, the FASB issued authoritative guidance that aligns the requirements for capitalizing implementation costs incurred in certain hosting arrangements with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance requires capitalized implementation costs to be expensed over the term of the hosting arrangement and presented in the same line item in the statement of income as the fees of the associated hosting arrangement. Capitalized implementation costs must be presented in the balance sheet in the same line item that a prepayment for the fees of the associated hosting arrangement would be presented, and payments for capitalized implementation costs must be classified in the statement of cash flows in the same manner as payments for hosting arrangement fees. The Ameren Companies early adopted this guidance in the third quarter of 2018 and applied the guidance prospectively to all implementation costs incurred after the date of adoption. The amount of implementation costs that were capitalized in the third quarter of 2018 was immaterial.

SEC Disclosure Update and Simplification

In August 2018, the SEC adopted a final rule that requires, among other things, inclusion of a statement of changes in shareholders' equity, or disclosure of such changes, and disclosure of the amount of dividends per share for each class of shares with respect to interim periods. The guidance will be effective for the Ameren Companies in the fourth quarter of 2018. We are currently assessing the impact of this guidance on our 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

Missouri Senate Bill 564

On June 1, 2018, Missouri Senate Bill 564 was enacted. The section of the law applicable to the TCJA was effective immediately; the remaining sections, including the ability to elect PISA, became effective August 28, 2018. The law resulted in certain changes to the regulation of Ameren Missouri's electric service business. These changes include the reduction of customer rates to pass through the effect of the reduction in the federal statutory corporate income tax rate enacted under the TCJA and, at each electric utility's election, the use of PISA. The law required the MoPSC to authorize a reduction in Ameren Missouri's rates to pass through the effect of the TCJA within 90 days of the law's effective date. In July 2018, the MoPSC authorized Ameren Missouri to reduce its annual revenue requirement by $167 million and reflect that reduction in rates beginning August 1, 2018. The reduction included $74 million for the amortization of excess accumulated deferred income taxes. In addition, Ameren Missouri recorded a reduction to revenue and a corresponding regulatory liability of $60 million for the excess amounts collected in rates related to the TCJA from January 1, 2018, through July 31, 2018. The regulatory liability will be reflected in customer rates over a period of time to be determined by the MoPSC in the next regulatory rate review.

Ameren Missouri filed a notification with the MoPSC on September 1, 2018, to elect PISA. Under PISA, Ameren Missouri is permitted to defer and recover 85% of the depreciation expense and a weighted-average cost of capital return on rate base on certain property, plant, and equipment placed in-service after September 1, 2018, and not included in base rates. The rate base on which the return is calculated incorporates qualifying capital expenditures since the PISA election date as well as changes in total accumulated depreciation excluding retirements and plant-related deferred income taxes. The debt return on rate base is recognized in earnings as a reduction of "Interest Charges" until PISA deferrals are reflected in customer rates, while the equity return is recognized in earnings as "Operating Revenues – Electric" when billed to customers. Accumulated PISA deferrals earn carrying costs at the weighted-average cost of capital, and all approved PISA deferrals will be added to rate base prospectively and recovered over a period of 20 years following a regulatory rate review. Costs not included in the PISA deferral, including the remaining 15% of the depreciation expense and return on rate base, remain subject to regulatory lag. Qualifying PISA capital expenditures exclude amounts related to new coal-fired, nuclear, and natural gas generating units and service to new customer premises. Amounts deferred under PISA were immaterial as of September 30, 2018.

As a result of Ameren Missouri's PISA election, additional provisions of Missouri Senate Bill 564 apply, including limiting customer rate increases to a 2.85% compound annual growth rate in the average overall customer rate per kilowatthour, based on the electric rates that became effective in April 2017, less half of the 2018 savings from the TCJA that was passed on to customers. Additionally, Ameren Missouri's electric base rates, as determined in the July 2018 MoPSC rate order, are frozen until April 1, 2020. Recoveries under the MEEIA, the FAC, and the RESRAM riders have not been frozen; however, except for costs recoverable under the MEEIA rider, Ameren Missouri will be unable to recover any amounts above the 2.85% cap from customers. If rate changes from the FAC or the RESRAM riders would cause rates to temporarily exceed the 2.85% cap, the overage will be deferred for future recovery in the next regulatory rate review; however, rates established in such regulatory rate review will be subject to the rate cap. Any deferred overages approved for recovery will be recovered in a manner consistent with costs recovered under PISA. Both the rate cap and PISA election will be effective through December 2023, unless Ameren Missouri requests and receives MoPSC approval of an extension through December 2028. Ameren Missouri's PISA election supports Ameren Missouri's ability to invest approximately $1 billion of incremental capital over the 2019 to 2023 period to strengthen and modernize Missouri's electric grid.

Wind Generation Facilities and RESRAM

In the second quarter of 2018, Ameren Missouri entered into an agreement with a subsidiary of Terra-Gen, LLC to acquire, after construction, a 400-megawatt wind generation facility, which is expected to be located in northeastern Missouri. In May 2018, Ameren Missouri filed for a certificate of convenience and necessity with the MoPSC for the 400-megawatt facility. The MoPSC issued an order approving a unanimous stipulation and agreement regarding that requested certificate in October 2018. Also in October 2018, Ameren Missouri entered into an agreement with a subsidiary of EDF Renewables, Inc. to acquire, after construction, a wind generation facility of up to 157 megawatts, and filed for a certificate of convenience and necessity with the MoPSC. The MoPSC is expected to issue an order regarding that certificate by May 2019. The up to 157-megawatt facility is expected to be located in northwestern Missouri. Both facilities are expected to be completed in 2020 and would help Ameren Missouri comply with the state renewable energy standard. Each acquisition is subject to certain conditions, including the issuance of a certificate of convenience and necessity by the MoPSC, obtaining a MISO transmission interconnection agreement, approval by the FERC, and other customary contract terms and conditions.

As a part of its May 2018 filing, Ameren Missouri requested the MoPSC to authorize a proposed RESRAM that would allow Ameren Missouri to adjust customer rates on an annual basis without a traditional regulatory rate review. The October 2018 MoPSC order included approval of the RESRAM, without addressing recovery through the RESRAM of the 15% of capital investment not recovered under PISA, which was an objection raised by the MoOPC. Ameren Missouri anticipates a MoPSC decision resolving this remaining issue and approving the RESRAM tariff by December 2018. The RESRAM is designed to mitigate the impacts of regulatory lag for the cost of compliance with renewable energy requirements, including recovery of investments in wind generation and other renewables, by providing more timely recovery of costs and a return on investments not already provided for in customer rates or any other recovery mechanism. RESRAM regulatory assets will earn carrying costs at short-term interest rates.

Renewable Choice Program

In June 2018, the MoPSC approved Ameren Missouri's Renewable Choice Program, which allows large commercial and industrial customers and municipalities to elect to receive up to 100 percent of their energy from renewable resources. The tariff-based program is designed to recover the costs of the election, net of changes in the market price of such energy. Based on customer contracts, the program enables Ameren Missouri to supply up to 400 megawatts of renewable wind energy generation, up to 200 megawatts of which it could own. As applicable, the addition of generation by Ameren Missouri would be subject to the issuance of a certificate of convenience and necessity by the MoPSC, obtaining transmission interconnection agreements with MISO or other RTOs, and approval by the FERC. This generation would be incremental to the expected renewable generation included in the 2017 IRP. Without extension, the option to elect into the program will terminate in the third quarter of 2023.

MEEIA

In June 2018, Ameren Missouri filed a proposed customer energy-efficiency plan with the MoPSC under the MEEIA. In October 2018, Ameren Missouri, the MoPSC staff, the MoOPC, and certain other intervenors filed a stipulation and agreement with the MoPSC with respect to that proposed plan. The proposed plan includes a three-year plan for a portfolio of customer energy-efficiency programs and a six-year plan for low-income energy-efficiency programs, along with a cost recovery mechanism. If the proposal is approved, Ameren Missouri intends to invest $226 million over the life of the plan, including $65 million per program year for the three-year period beginning March 2019. The proposed plan includes the continued use of the MEEIA rider, which allows Ameren Missouri to collect from or refund to customers any difference in actual MEEIA program costs and related lost revenues and the amounts collected from customers. In addition, similar to the MEEIA 2016 plan ending in February 2019, the proposed plan includes a performance incentive that would provide Ameren Missouri an opportunity to earn additional revenues by achieving certain customer energy-efficiency goals, including $30 million if 100% of the goals are achieved during the three-year period beginning March 2019. Additional revenues may be earned if Ameren Missouri exceeds 100% of its energy savings goals. A decision by the MoPSC in this proceeding is anticipated in November 2018.

The MEEIA 2016 program provided Ameren Missouri with a performance incentive to earn additional revenues by achieving certain customer energy-efficiency goals, including $27 million if 100% of the goals were achieved during the three-year period beginning March 2016, with the potential to earn more if Ameren Missouri's energy savings exceeded those goals. In September 2017, Ameren Missouri received an order from the MoPSC approving Ameren Missouri's energy savings results for the first year of the MEEIA 2016 programs. As a result of this order and in accordance with revenue recognition guidance, Ameren Missouri recognized $5 million of revenues in the first quarter of 2018 relating to the MEEIA 2016 performance incentive. In October 2018, Ameren Missouri received an order from the MoPSC approving Ameren Missouri's energy savings results for the second year of the MEEIA 2016 programs. As a result of this order, Ameren Missouri will recognize $6 million of additional revenues in the fourth quarter of 2018 relating to the MEEIA 2016 performance incentive.

In July 2018, the Missouri Supreme Court overturned a 2016 decision by the Missouri Court of Appeals, Western District, which had upheld a 2015 MoPSC order regarding the determination of a certain input used to calculate the MEEIA 2013 performance incentive, and remanded the matter to the MoPSC. Upon issuance of a MoPSC order, Ameren Missouri expects to recognize an additional $9 million MEEIA 2013 performance incentive.

Illinois

Electric Distribution Service Rates

In April 2018, Ameren Illinois filed its annual electric distribution service formula rate update to establish the revenue requirement to be used for 2019 rates with the ICC. In November 2018, the ICC issued an order in Ameren Illinois' annual update filing that approved a $72 million increase in Ameren Illinois' electric distribution service rates beginning in January 2019. This order reflected an increase to the annual formula rate based on 2017 actual costs and expected net plant additions for 2018, and an increase to include the 2017 revenue requirement reconciliation adjustment. It also included a decrease for the conclusion of the 2016 revenue requirement reconciliation adjustment, which will be fully collected from customers in 2018, consistent with the ICC's December 2017 annual update filing order. As of September 30, 2018, Ameren Illinois had recorded a regulatory liability of $25 million to reflect the difference between Ameren Illinois' estimate of its 2018 revenue requirement and the revenue requirement reflected in customer rates, including interest.

Electric Customer Energy-Efficiency Investments

In June 2018, Ameren Illinois filed its annual electric customer energy-efficiency formula rate update to establish the revenue requirement to be used for 2019 rates with the ICC. In November 2018, the ICC issued an order that approved 2019 rates of $35 million for electric customer energy-efficiency investments, which represents an increase of $20 million from 2018 rates.

Income Tax Regulatory Mechanisms

In February 2018, the ICC granted Ameren Illinois' request, filed in January 2018, to establish a rider to reduce Ameren Illinois' electric distribution customer rates for the effect of the reduction in the federal statutory corporate income tax rate enacted under the TCJA and the return of excess deferred taxes, net of the increase in state income taxes enacted in July 2017. Ameren Illinois' electric distribution customer rates were reduced as a result of the rider beginning in the first quarter of 2018. The estimated reduction of $50 million per year will continue through 2019, as base rates will be adjusted to reflect the current income tax rates starting in 2020.

In April 2018, the ICC approved a rider for the difference between revenues billed under natural gas rates established pursuant to Ameren Illinois' most recent natural gas rate order and the revenues that would have been billed had the state and federal tax rate changes discussed above been in effect. The rider required Ameren Illinois to record this difference as a regulatory liability beginning January 25, 2018. Ameren Illinois' natural gas customer rates were reduced as a result of the rider beginning in May 2018, with an estimated reduction of up to $17 million to be reflected substantially over a one-year period.

2018 Natural Gas Delivery Service Regulatory Rate Review

In January 2018, Ameren Illinois filed a request with the ICC seeking approval to increase its annual rates for natural gas delivery service. In November 2018, the ICC issued an order approving a stipulation and agreement that will result in an annual natural gas rate increase of $32 million, based on a 9.87% return on common equity, a capital structure composed of 50% common equity, and a rate base of $1.6 billion. The new rates will be effective starting in November 2018. This increase reflects the reduction in the federal corporate income tax rate as a result of the TCJA, as well as the increase in the Illinois corporate income tax rate that became effective in July 2017, which collectively decreased annual rates by approximately $17 million. As a result of this order, rate base under the QIP rider has been reset to zero. Ameren Illinois used a 2019 future test year in this proceeding.

ATXI’s Illinois Rivers Project

In August 2017, the Illinois Circuit Court for Edgar County dismissed several of ATXI’s condemnation cases related to one line segment in the Illinois Rivers project. These cases had been filed to obtain easements and rights of way necessary to complete the line segment. The court found that required notice was not given to the relevant landowners during the underlying ICC proceeding. In November 2017, ATXI appealed this decision to the Illinois Supreme Court. In October 2018, the Illinois Supreme Court reversed the Illinois Circuit Court for Edgar County’s decision and remanded the case for further proceedings. Absent the landowners pursuing rehearing, or a voluntary settlement, ATXI intends to file a motion to reinstate the condemnation cases in the Illinois Circuit Court for Edgar County in the fourth quarter of 2018. ATXI plans to complete the project by the end of 2019; however, delays associated with the condemnation proceedings or a rehearing arising from the Illinois Supreme Court’s ruling could delay the completion date. The estimated line segment capital expenditure investment is approximately $81 million, of which $38 million was invested as of September 30, 2018. The other eight line segments of the Illinois Rivers project are not affected by these proceedings.

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 2016, the FERC issued a final order in the November 2013 complaint case, which lowered the allowed base return on common equity 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, effective since September 2016. The 10.82% allowed return on common equity may be replaced prospectively after the FERC issues a final order in the February 2015 complaint case, discussed below.

Since 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. MISO transmission owners subsequently filed a motion to dismiss the February 2015 complaint, as discussed below. 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. If approved by the FERC, it 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. It would also require customer refunds, with interest, for that 15-month period. A final FERC order would also establish the allowed return on common equity that will apply prospectively from the effective date of such order, replacing the current 10.82% total return on common equity. 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 an unrelated case in which the FERC established the allowed base return on common equity methodology used in the two MISO complaint cases described above. In October 2018, the FERC issued an order addressing the remanded issues, which proposed a new methodology for determining the base return on equity and required further briefs from the participants. A final order is not expected until 2019. While this order provides insight on how the FERC may determine the return on equity in the MISO complaint cases, Ameren is unable to predict the impact of the outcome on the MISO FERC complaint cases at this time. As the FERC is under no deadline to issue a final order, the timing of the issuance of the final order in the February 2015 complaint case, or any potential impact to the amounts refunded as a result of the November 2013 complaint case, is uncertain.

In September 2017, MISO transmission owners, including Ameren Missouri, Ameren Illinois, and ATXI, filed a motion to dismiss the February 2015 complaint case with the FERC. The MISO transmission owners maintain that the February 2015 complaint was predicated on the now superseded 12.38% allowed base return on common equity and is therefore inapplicable given the current 10.32% allowed base return on common equity. The MISO transmission owners further maintain that the current 10.32% allowed base return on common equity has not been proven to be unjust and unreasonable based on information provided, including the base return on common equity methodology ranges set forth in the February 2015 complaint case and in the initial decision issued by an administrative law judge in June 2016. Additionally, the MISO transmission owners maintain that the February 2015 complaint should be

dismissed because the approach utilized in the case to assert that a return on common equity was unjust and unreasonable was insufficient. That same approach was rejected by the United States Court of Appeals for the District of Columbia Circuit, as discussed above. The FERC is under no deadline to issue an order on this motion.
As of September 30, 2018, Ameren and Ameren Illinois had recorded current regulatory liabilities of $43 million and $25 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.
FERC Federal Income Tax Proceeding and Formula Rate Change
In March 2018, the FERC granted a request filed in February 2018 by MISO transmission owners with forward-looking rate formulas,

including Ameren Illinois and ATXI, to allow revisions to their 2018 electric transmission rates to reflect the effect of the reduction in federal income taxes enacted under the TCJA. Ameren Illinois and ATXI's 2018 electric transmission rates have been reduced by $27 million and $23 million, respectively.

In May 2018, the FERC accepted Ameren Illinois and ATXI tariff filings to change the formula rate calculation. The change allows for the recovery or refund of both excess deferred income taxes resulting from tax law or rate changes and effect of permanent income tax differences and will be reflected in Ameren Illinois and ATXI's electric transmission rates starting in January 2019.

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 affiliate 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 were not utilized for direct borrowings during the nine months ended September 30, 2018, but were used to support commercial paper issuances and to issue letters of credit. Based on commercial paper outstanding and letters of credit issued under the Credit Agreements, the aggregate credit capacity available under the Credit Agreements to Ameren (parent), Ameren Missouri, and Ameren Illinois, collectively, at September 30, 2018, was $1.6 billion. The Ameren Companies were in compliance with the covenants in their Credit Agreements as of September 30, 2018. As of September 30, 2018, the ratios of consolidated indebtedness to consolidated total capitalization, calculated in accordance with the provisions of the Credit Agreements, were 52%, 46%, and 48% for Ameren, Ameren Missouri, and Ameren Illinois, respectively.

Commercial Paper

The following table presents commercial paper outstanding, net of issuance discounts, as of September 30, 2018, and December 31, 2017:

	September 30, 2018	December 31, 2017
Ameren (parent)	$ 413	$ 383
Ameren Missouri	—	39
Ameren Illinois	108	62
Ameren Consolidated	$ 521	$ 484

The following table summarizes the borrowing activity and relevant interest rates under Ameren (parent)'s, Ameren Missouri's, and Ameren Illinois' commercial paper programs for the nine months ended September 30, 2018 and 2017:

	Ameren (parent)	Ameren Missouri	Ameren Illinois	Ameren Consolidated
2018				
Average daily commercial paper outstanding at par value	$431	$ 81	$117	$ 629
Weighted-average interest rate	2.23 %	1.94 %	2.21 %	2.18 %
Peak commercial paper during period at par value[(a)]	$543	$481	$442	$ 1,295
Peak interest rate	2.45 %	2.42 %	2.55 %	2.55 %
2017				
Average daily commercial paper outstanding at par value	$669	$ 7	$78	$ 754
Weighted-average interest rate	1.27 %	1.20 %	1.28 %	1.27 %
Peak commercial paper during period at par value[(a)]	$841	$ 64	$193	$ 948
Peak interest rate	1.50 %	1.41 %	1.50 %	1.50 %

(a) The timing of peak outstanding commercial paper issuances varies by company. Therefore, the sum of individual company peak amounts may 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 borrowings under the money pool for the three and nine months ended September 30, 2018, was 2.00% and 2.02%, respectively (2017 – 1.24% and 1.18%, 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 nine months ended September 30, 2018 and 2017.

NOTE 4 – LONG-TERM DEBT AND EQUITY FINANCINGS

Ameren

For the three and nine months ended September 30, 2018, Ameren issued a total of 0.2 million and 0.9 million shares, respectively, of common stock under its DRPlus and 401(k) plan, and received proceeds of $16 million and $56 million, respectively. In addition, in the first quarter of 2018, Ameren issued 0.7 million shares of common stock valued at $35 million upon the vesting of stock-based compensation. Ameren did not issue any common stock during the first nine months of 2017.

In October 2018, Ameren filed a Form S-8 registration statement with the SEC, authorizing the offering of four million additional shares of its common stock under its 401(k) plan. Shares of common stock issuable under the 401(k) plan are, at Ameren's option, newly issued shares, treasury shares, or shares purchased in the open market or in privately negotiated transactions.

Ameren Missouri

In April 2018, Ameren Missouri issued $425 million of 4.00% first mortgage bonds due April 2048, with interest payable semiannually on April 1 and October 1 of each year, beginning October 1, 2018. Ameren Missouri received proceeds of $419 million, which were used to repay outstanding short-term debt, including short-term debt that Ameren Missouri incurred in connection with the repayment of $179 million of its 6.00% senior secured notes that matured April 1, 2018.

In August 2018, $199 million principal amount of Ameren Missouri's 5.10% senior secured notes matured and were repaid with cash on hand.

Ameren Illinois

In May 2018, Ameren Illinois issued $430 million of 3.80% first mortgage bonds due May 2028, with interest payable semiannually on May 15 and November 15 of each year, beginning November 15, 2018. Ameren Illinois received proceeds of $427 million, which were used to repay outstanding short-term debt, including short-term debt that Ameren Illinois incurred in connection with the repayment of $144 million of its 6.25% senior secured notes that matured April 1, 2018.

Indenture Provisions and Other Covenants

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. At September 30, 2018, 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 September 30, 2018, none of the Ameren Companies had any significant 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.

NOTE 5 – OTHER INCOME, NET

The following table presents the components of "Other Income, Net" in the Ameren Companies' statements of income for the three and nine months ended September 30, 2018 and 2017:

	Three Months		Nine Months	
	2018	2017	2018	2017
Ameren:[(a)]				
Other Income, Net				
Allowance for equity funds used during construction	$11	$6	$25	$16
Interest income on industrial development revenue bonds	6	7	19	20
Other interest income	2	—	6	5
Non-service cost components of net periodic benefit income	17 [(b)]	11	52 [(b)]	33
Other income	2	1	5	3
Donations	(4)	—	(15)	(7)
Other expense	(2)	(2)	(8)	(9)
Total Other Income, Net	$32	$23	$84	$61
Ameren Missouri:				
Other Income, Net				
Allowance for equity funds used during construction	$8	$6	$19	$15
Interest income on industrial development revenue bonds	6	7	19	20
Other interest income	1	—	2	1
Non-service cost components of net periodic benefit income	4 [(b)]	5	13 [(b)]	17
Other income	2	—	3	1
Donations	(3)	—	(6)	(2)
Other expense	(2)	(2)	(5)	(4)
Total Other Income, Net	$16	$16	$45	$48
Ameren Illinois:				
Other Income, Net				
Allowance for equity funds used during construction	$3	$—	$6	$1
Interest income	1	1	4	5
Non-service cost components of net periodic benefit income	8	4	25	8
Other income	1	—	3	2
Donations	—	—	(5)	(5)
Other expense	(2)	—	(3)	(3)
Total Other Income, Net	$11	$5	$30	$8

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

(b) For the three and nine months ended September 30, 2018, the non-service cost components of net periodic benefit income were partially offset by a $5 million and $13 million deferral due to a regulatory tracking mechanism for the difference between the level of such costs incurred by Ameren Missouri under GAAP and the level of such costs included in rates.

NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS

We use derivatives to manage the risk of changes in market prices for natural gas and power, 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 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 September 30, 2018, and December 31, 2017. As of September 30, 2018, these contracts extended through October 2021, March 2023, and May 2032 for fuel oils, natural gas, and power, respectively.

	Quantity (in millions)					
	2018			2017		
Commodity	Ameren Missouri	Ameren Illinois	Ameren	Ameren Missouri	Ameren Illinois	Ameren
Fuel oils (in gallons)[(a)]	42	(b)	42	28	(b)	28
Natural gas (in mmbtu)	20	160	180	24	139	163
Power (in megawatthours)	2	8	10	3	9	12

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

(b) Not applicable.

All contracts considered to be derivative instruments are 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 September 30, 2018, and December 31, 2017, 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 September 30, 2018, and December 31, 2017:

	Balance Sheet Location	Ameren Missouri	Ameren Illinois	Ameren
2018				
Fuel oils	Other current assets	$ 10	$ —	$ 10
	Other assets	6	—	6
Natural gas	Other current assets	—	1	1
	Other assets	—	1	1
Power	Other current assets	3	—	3
	Total assets [(a)]	$ 19	$ 2	$ 21
Fuel oils	Other deferred credits and liabilities	$ 1	$ —	$ 1
Natural gas	Other current liabilities	4	12	16
	Other deferred credits and liabilities	2	9	11
Power	Other current liabilities	3	13	16
	Other deferred credits and liabilities	—	174	174
	Total liabilities [(b)]	$ 10	$ 208	$ 218
2017				
Fuel oils	Other current assets	$ 5	$ —	$ 5
	Other assets	2	—	2
Natural gas	Other assets	1	—	1
Power	Other current assets	9	—	9

	Total assets [a]	$ 17	$ —	$ 17
Natural gas	Other current liabilities	$ 5	$ 12	$ 17
	Other deferred credits and liabilities	3	10	13
Power	Other current liabilities	1	13	14
	Other deferred credits and liabilities	—	182	182
	Total liabilities [b]	$ 9	$ 217	$ 226

(a) The cumulative amount of pretax net gains on all derivative instruments is deferred as a regulatory liability.
(b) 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 September 30, 2018, and December 31, 2017.

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 September 30, 2018, if counterparty groups were to fail completely to perform on contracts, Ameren, Ameren Missouri, and Ameren Illinois' maximum exposures were $37 million, $34 million and $3 million, respectively. The potential loss on counterparty exposures may be reduced or eliminated by the application of master netting arrangements or similar agreements and collateral held. As of September 30, 2018, the potential loss after consideration of the application of master netting arrangements or similar agreements and collateral held for Ameren, Ameren Missouri, and Ameren Illinois was $32 million, $31 million, and $1 million, respectively.

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 September 30, 2018, 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 September 30, 2018, 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)]
Ameren Missouri	$ 71	$ 4	$ 51
Ameren Illinois	49	—	43
Ameren	$ 120	$ 4	$ 94

(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 valuations 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 provides a fair value hierarchy that prioritizes the inputs used to measure fair value. On a quarterly basis, all financial assets and liabilities carried at fair value are classified and disclosed in one of three hierarchy levels. Financial assets and liabilities are classified in their entirety according to the lowest level of input that is significant to the fair value measurement. See Note 8 – Fair Value Measurements under Part II, Item 8, of the Form 10-K for information related to hierarchy levels.

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). We have also 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 nine months ended September 30, 2018 or 2017. At September 30, 2018, and December 31, 2017, the counterparty default risk valuation adjustment related to derivative contracts was immaterial for Ameren, Ameren Missouri, and Ameren Illinois.

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 September 30, 2018:

		Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Assets:					
Ameren	Derivative assets – commodity contracts[a]:				
	Fuel oils	$ 8	$ —	$ 8	$16
	Natural gas	—	1	1	2
	Power	—	—	3	3
	Total derivative assets – commodity contracts	$ 8	$ 1	$ 12	$21
	Nuclear decommissioning trust fund:				
	Equity securities:				
	U.S. large capitalization	$ 497	$ —	$ —	$497
	Debt securities:				
	U.S. Treasury and agency securities	—	139	—	139
	Corporate bonds	—	77	—	77
	Other	—	33	—	33
	Total nuclear decommissioning trust fund	$ 497	$ 249	$ —	$746 [b]
	Total Ameren	$ 505	$ 250	$ 12	$767
Ameren Missouri	Derivative assets – commodity contracts[a]:				
	Fuel oils	$ 8	$ —	$ 8	$16
	Power	—	—	3	3
	Total derivative assets – commodity contracts	$ 8	$ —	$ 11	$19
	Nuclear decommissioning trust fund:				
	Equity securities:				
	U.S. large capitalization	$ 497	$ —	$ —	$497
	Debt securities:				
	U.S. Treasury and agency securities	—	139	—	139
	Corporate bonds	—	77	—	77
	Other	—	33	—	33
	Total nuclear decommissioning trust fund	$ 497	$ 249		