AMEREN CORP
Form 10-Q
November 03, 2017
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, 2017

OR

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

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

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

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

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

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, 2017, was as follows:

Ameren Corporation	Common stock, $0.01 par value per share – 242,634,798
Union Electric Company	Common stock, $5 par value per share, held by Ameren Corporation – 102,123,834
Ameren Illinois Company	Common stock, no par value, held by Ameren Corporation – 25,452,373

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

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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.

EMANI – European Mutual Association for Nuclear Insurance.

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

Westinghouse – Westinghouse Electric Company, LLC.

Zero-emission credit – A credit that represents the environmental attributes of one MWh of energy produced from certain zero-emissions nuclear-powered generating facilities, which Illinois utilities are required to purchase pursuant to the FEJA.

FORWARD-LOOKING STATEMENTS

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

- regulatory, judicial, or legislative actions, including any changes in regulatory policies and ratemaking determinations, such as those that may result from the complaint case filed in February 2015 with the FERC seeking a reduction in the allowed base return on common equity under the MISO tariff, Ameren Illinois’ April 2017 annual electric distribution formula rate update filing, and future regulatory, judicial, or legislative actions that change regulatory recovery mechanisms;
- the effect of Ameren Illinois participating in a performance-based formula ratemaking process under the IEIMA, including the direct relationship between Ameren Illinois' return on common equity and 30-year United States Treasury bond yields, and the related financial commitments;
- the effects of changes in federal, state, or local laws and other governmental actions, including monetary, fiscal, and energy policies;
- the effects of changes in federal, state, or local tax laws, regulations, interpretations, or rates, such as the July 2017 change in Illinois law that increased the state’s corporate income tax rate, or changes to federal tax laws as a result of tax reform legislation currently being developed by Congress, and any challenges to the tax positions taken by the Ameren Companies;
- the effects on demand for our services resulting from technological advances, including advances in customer energy efficiency and private generation sources, which generate electricity at the site of consumption and are becoming more cost-competitive;
- the effectiveness of Ameren Missouri's customer energy efficiency programs and the related revenues and performance incentives earned under its MEEIA plans;
- Ameren Illinois’ ability to achieve FEJA electric energy efficiency goals and the resulting impact on its allowed return on program investments;
- our ability to align overall spending, both operating and capital, with frameworks established by our regulators 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, including our ability to recover the costs for such commodities and our customers' tolerance for the related rate increases;

- disruptions in the delivery of fuel, failure of our fuel suppliers to provide adequate quantities or quality of fuel, or lack of adequate inventories of fuel, including nuclear fuel assemblies from Westinghouse, Callaway's only NRC-licensed supplier of such assemblies, which is currently in bankruptcy proceedings;
- the effectiveness of our risk management strategies and our use of financial and derivative instruments;
- the ability to obtain sufficient insurance, including insurance for Ameren Missouri's Callaway energy center, or, in the absence of insurance, the ability to recover uninsured losses from our customers;
- business and economic conditions, including their impact on interest rates, collection of our receivable balances, and demand for our products;

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- disruptions of the capital markets, deterioration in credit metrics of the Ameren Companies, or other events that may have an adverse effect on the cost or availability of capital, including short-term credit and liquidity;
- the actions of credit rating agencies and the effects of such actions;
- the impact of adopting new accounting guidance and the application of appropriate accounting rules and guidance;
- the impact of weather conditions and other natural phenomena on us and our customers, including the impact of system outages;
- the construction, installation, performance, and cost recovery of generation, transmission, and distribution assets;
- the effects of breakdowns or failures of equipment in the operation of natural gas transmission and distribution systems and storage facilities, such as leaks, explosions, and mechanical problems, and compliance with natural gas safety regulations;
- the effects of our increasing investment in electric transmission projects, as well as potential wind and solar generation projects, our ability to obtain all of the necessary approvals to complete the projects, and the uncertainty as to whether we will achieve our expected returns in a timely manner;
- operation of Ameren Missouri's Callaway energy center, including planned and unplanned outages, and decommissioning costs;
- the effects of strategic initiatives, including mergers, acquisitions, and divestitures;
- the impact of current environmental regulations and new, more stringent, or changing requirements, including those related to CO_2, other emissions and discharges, cooling water intake structures, CCR, and energy efficiency, that are enacted over time and that could limit or terminate the operation of certain of Ameren Missouri’s energy centers, increase our costs or investment requirements, result in an impairment of our assets, cause us to sell our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;
- the impact of complying with renewable energy portfolio requirements in Missouri;
- labor disputes, work force reductions, future wage and employee benefits costs, including changes in discount rates, mortality tables, and returns on benefit plan assets;
- the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments;
- the cost and availability of transmission capacity for the energy generated by Ameren Missouri's energy centers or required to satisfy Ameren Missouri's energy sales;
- legal and administrative proceedings;
- the impact of cyber-attacks, which could, 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
(Unaudited) (In millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Operating Revenues:				
Electric	$1,594	$1,725	$4,183	$4,101
Natural gas	129	134	592	619
Total operating revenues	1,723	1,859	4,775	4,720
Operating Expenses:				
Fuel	199	205	594	574
Purchased power	162	178	491	451
Natural gas purchased for resale	25	34	196	227
Other operations and maintenance	402	411	1,229	1,246
Depreciation and amortization	225	211	668	628
Taxes other than income taxes	129	129	364	358
Total operating expenses	1,142	1,168	3,542	3,484
Operating Income	581	691	1,233	1,236
Other Income and Expenses:				
Miscellaneous income	13	18	42	54
Miscellaneous expense	2	8	16	21
Total other income	11	10	26	33
Interest Charges	97	97	295	287
Income Before Income Taxes	495	604	964	982
Income Taxes	205	233	376	356
Net Income	290	371	588	626
Less: Net Income Attributable to Noncontrolling Interests	2	2	5	5
Net Income Attributable to Ameren Common Shareholders	$288	$369	$583	$621
Earnings per Common Share – Basic	$1.19	$1.52	$2.40	$2.56
Earnings per Common Share – Diluted	$1.18	$1.52	$2.39	$2.56
Dividends per Common Share	$0.44	$0.425	$1.32	$1.275
Average Common Shares Outstanding – Basic	242.6	242.6	242.6	242.6
Average Common Shares Outstanding – Diluted	244.7	242.9	244.0	243.0

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net Income	$290	$371	$588	$626
Other Comprehensive Income (Loss), Net of Taxes				
Pension and other postretirement benefit plan activity, net of income taxes of $-, $-, $1 and $4, respectively	—	(1)	2	1
Comprehensive Income	290	370	590	627
Less: Comprehensive Income Attributable to Noncontrolling Interests	2	2	5	5
Comprehensive Income Attributable to Ameren Common Shareholders	$288	$368	$585	$622

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

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

	September 30, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 9	$ 9
Accounts receivable – trade (less allowance for doubtful accounts of $20 and $19, respectively)	507	437
Unbilled revenue	262	295
Miscellaneous accounts receivable	85	63
Inventories	547	527
Current regulatory assets	75	149
Other current assets	96	113
Total current assets	1,581	1,593
Property, Plant, and Equipment, Net	20,906	20,113
Investments and Other Assets:		
Nuclear decommissioning trust fund	672	607
Goodwill	411	411
Regulatory assets	1,509	1,437
Other assets	538	538
Total investments and other assets	3,130	2,993
TOTAL ASSETS	$ 25,617	$ 24,699
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 777	$ 681
Short-term debt	446	558
Accounts and wages payable	548	805
Taxes accrued	159	46
Interest accrued	106	93
Customer deposits	108	107
Current regulatory liabilities	119	110
Other current liabilities	318	274
Total current liabilities	2,581	2,674
Long-term Debt, Net	6,922	6,595
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	4,721	4,264
Accumulated deferred investment tax credits	50	55
Regulatory liabilities	2,045	1,985
Asset retirement obligations	631	635
Pension and other postretirement benefits	711	769
Other deferred credits and liabilities	469	477
Total deferred credits and other liabilities	8,627	8,185
Commitments and Contingencies (Notes 2, 9, and 10)		
Ameren Corporation Shareholders’ Equity:		
Common stock, $.01 par value, 400.0 shares authorized – 242.6 shares outstanding	2	2
Other paid-in capital, principally premium on common stock	5,534	5,556
Retained earnings	1,830	1,568
Accumulated other comprehensive loss	(21)	(23)

Total Ameren Corporation shareholders' equity	7,345	7,103
Noncontrolling Interests	142	142
Total equity	7,487	7,245
TOTAL LIABILITIES AND EQUITY	$ 25,617	$ 24,699

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

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

	Nine Months Ended September 30, 2017		2016	
Cash Flows From Operating Activities:				
Net income	$ 588		$ 626	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	653		625	
Amortization of nuclear fuel	71		63	
Amortization of debt issuance costs and premium/discounts	16		17	
Deferred income taxes and investment tax credits, net	366		364	
Allowance for equity funds used during construction	(16	)	(20	)
Share-based compensation costs	12		17	
Other	(7	)	(9	)
Changes in assets and liabilities:				
Receivables	(59	)	(134	)
Inventories	(20	)	(13	)
Accounts and wages payable	(183	)	(196	)
Taxes accrued	138		119	
Regulatory assets and liabilities	89		146	
Assets, other	14		9	
Liabilities, other	12		(29	)
Pension and other postretirement benefits	(31	)	(26	)
Net cash provided by operating activities	1,643		1,559	
Cash Flows From Investing Activities:				
Capital expenditures	(1,523	)	(1,496	)
Nuclear fuel expenditures	(52	)	(41	)
Purchases of securities – nuclear decommissioning trust fund	(248	)	(310	)
	235		297	

Sales and maturities of securities – nuclear decommissioning trust fund				
Other	3		(1	)
Net cash used in investing activities	(1,585	)	(1,551	)
Cash Flows From Financing Activities:				
Dividends on common stock	(320	)	(309	)
Dividends paid to noncontrolling interest holders	(5	)	(5	)
Short-term debt, net	(112	)	307	
Maturities of long-term debt	(425	)	(389	)
Issuances of long-term debt	849		149	
Share-based payments	(39	)	(32	)
Debt issuance costs	(5	)	(1	)
Other	(1	)	(2	)
Net cash used in financing activities	(58	)	(282	)
Net change in cash and cash equivalents	—		(274	)
Cash and cash equivalents at beginning of year	9		292	
Cash and cash equivalents at end of period	$ 9		$ 18	

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Operating Revenues:				
Electric	$1,098	$1,144	$2,757	$2,682
Natural gas	17	20	83	90
Other	—	1	—	1
Total operating revenues	1,115	1,165	2,840	2,773
Operating Expenses:				
Fuel	199	205	594	574
Purchased power	42	77	201	169
Natural gas purchased for resale	4	6	29	33
Other operations and maintenance	224	220	655	670
Depreciation and amortization	134	130	399	384
Taxes other than income taxes	95	96	255	252
Total operating expenses	698	734	2,133	2,082
Operating Income	417	431	707	691
Other Income and Expenses:				
Miscellaneous income	13	14	36	38
Miscellaneous expense	2	2	6	6
Total other income	11	12	30	32
Interest Charges	50	53	157	158
Income Before Income Taxes	378	390	580	565
Income Taxes	143	148	218	215
Net Income	235	242	362	350
Other Comprehensive Income	—	—	—	—
Comprehensive Income	$235	$242	$362	$350
Net Income	$235	$242	$362	$350
Preferred Stock Dividends	1	1	3	3
Net Income Available to Common Shareholder	$234	$241	$359	$347

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, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ —	$ —
Advances to money pool	18	161
Accounts receivable – trade (less allowance for doubtful accounts of $8 and $7, respectively)	274	187
Accounts receivable – affiliates	14	12
Unbilled revenue	151	154
Miscellaneous accounts receivable	45	14
Inventories	396	392
Current regulatory assets	23	35
Other current assets	43	49
Total current assets	964	1,004
Property, Plant, and Equipment, Net	11,538	11,478
Investments and Other Assets:		
Nuclear decommissioning trust fund	672	607
Regulatory assets	576	619
Other assets	318	327
Total investments and other assets	1,566	1,553
TOTAL ASSETS	$ 14,068	$ 14,035
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 383	$ 431
Accounts and wages payable	226	444
Accounts payable – affiliates	102	68
Taxes accrued	148	30
Interest accrued	61	54
Current regulatory liabilities	18	12
Other current liabilities	118	123
Total current liabilities	1,056	1,162
Long-term Debt, Net	3,584	3,563
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	3,073	3,013
Accumulated deferred investment tax credits	49	53
Regulatory liabilities	1,275	1,215
Asset retirement obligations	627	629
Pension and other postretirement benefits	274	291
Other deferred credits and liabilities	13	19
Total deferred credits and other liabilities	5,311	5,220
Commitments and Contingencies (Notes 2, 8, 9, and 10)		
Shareholders' Equity:		
Common stock, $5 par value, 150.0 shares authorized – 102.1 shares outstanding	511	511
Other paid-in capital, principally premium on common stock	1,828	1,828
Preferred stock	80	80
Retained earnings	1,698	1,671

Total shareholders’ equity	4,117	4,090
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	$ 14,068	$ 14,035

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

	Nine Months Ended September 30, 2017			2016		
Cash Flows From Operating Activities:						
Net income	$	362		$	350	
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	384			381		
Amortization of nuclear fuel	71			63		
Amortization of debt issuance costs and premium/discounts	5			5		
Deferred income taxes and investment tax credits, net	55			159		
Allowance for equity funds used during construction	(15		)	(16		)
Other	4			—		
Changes in assets and liabilities:						
Receivables	(117		)	(95		)
Inventories	(3		)	(5		)
Accounts and wages payable	(151		)	(176		)
Taxes accrued	160			165		
Regulatory assets and liabilities	48			60		
Assets, other	19			(8		)
Liabilities, other	4			13		
Pension and other postretirement benefits	(7		)	(8		)
Net cash provided by operating activities	819			888		
Cash Flows From Investing Activities:						
Capital expenditures	(533		)	(500		)
Nuclear fuel expenditures	(52		)	(41		)
Purchases of securities – nuclear decommissioning trust fund	(248		)	(310		)
Sales and maturities of securities – nuclear decommissioning trust fund	235			297		

Money pool advances, net	143	(165)
Other	—	(5)
Net cash used in investing activities	(455)	(724)
Cash Flows From Financing Activities:		
Dividends on common stock	(332)	(285)
Dividends on preferred stock	(3)	(3)
Maturities of long-term debt	(425)	(260)
Issuances of long-term debt	399	149
Capital contribution from parent	—	38
Debt issuance costs	(3)	(1)
Net cash used in financing activities	(364)	(362)
Net change in cash and cash equivalents	—	(198)
Cash and cash equivalents at beginning of year	—	199
Cash and cash equivalents at end of period	$ —	$ 1

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 AND COMPREHENSIVE INCOME
(Unaudited) (In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Operating Revenues:				
Electric	$463	$562	$1,343	$1,365
Natural gas	112	114	510	530
Other	—	—	1	—
Total operating revenues	575	676	1,854	1,895
Operating Expenses:				
Purchased power	124	110	312	304
Natural gas purchased for resale	21	28	167	194
Other operations and maintenance	183	198	590	592
Depreciation and amortization	86	80	254	237
Taxes other than income taxes	33	30	101	98
Total operating expenses	447	446	1,424	1,425
Operating Income	128	230	430	470
Other Income and Expenses:				
Miscellaneous income	1	4	7	15
Miscellaneous expense	—	3	8	11
Total other income (expense)	1	1	(1)	4
Interest Charges	36	35	109	105
Income Before Income Taxes	93	196	320	369
Income Taxes	38	77	127	144
Net Income	55	119	193	225
Other Comprehensive Loss, Net of Taxes:				
Pension and other postretirement benefit plan activity, net of income taxes (benefit) of $-, $(1), $- and $(2), respectively	—	(1)	—	(3)
Comprehensive Income	$55	$118	$193	$222
Net Income	$55	$119	$193	$225
Preferred Stock Dividends	—	—	2	2
Net Income Available to Common Shareholder	$55	$119	$191	$223

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, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ —	$ —
Accounts receivable – trade (less allowance for doubtful accounts of $12 and $12, respectively)	219	242
Accounts receivable – affiliates	21	10
Unbilled revenue	111	141
Miscellaneous accounts receivable	31	22
Inventories	151	135
Current regulatory assets	51	108
Other current assets	18	25
Total current assets	602	683
Property, Plant, and Equipment, Net	7,987	7,469
Investments and Other Assets:		
Goodwill	411	411
Regulatory assets	921	816
Other assets	101	95
Total investments and other assets	1,433	1,322
TOTAL ASSETS	$ 10,022	$ 9,474
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 394	$ 250
Short-term debt	169	51
Borrowings from money pool	11	—
Accounts and wages payable	247	264
Accounts payable – affiliates	50	63
Taxes accrued	8	16
Interest accrued	37	33
Customer deposits	69	69
Current environmental remediation	43	38
Current regulatory liabilities	85	78
Other current liabilities	153	109
Total current liabilities	1,266	971
Long-term Debt, Net	2,196	2,338
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	1,874	1,631
Accumulated deferred investment tax credits	1	2
Regulatory liabilities	766	768
Pension and other postretirement benefits	322	346
Environmental remediation	143	162
Other deferred credits and liabilities	229	222
Total deferred credits and other liabilities	3,335	3,131
Commitments and Contingencies (Notes 2, 8, and 9)		
Shareholders' Equity:		
Common stock, no par value, 45.0 shares authorized – 25.5 shares outstanding	—	—

Other paid-in capital	2,005	2,005
Preferred stock	62	62
Retained earnings	1,158	967
Total shareholders’ equity	3,225	3,034
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	$ 10,022	$ 9,474

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, 2017		2016	
Cash Flows From Operating Activities:				
Net income	$ 193		$ 225	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	254		236	
Amortization of debt issuance costs and premium/discounts	10		11	
Deferred income taxes and investment tax credits, net	161		141	
Other	(1	)	(8	)
Changes in assets and liabilities:				
Receivables	59		(36	)
Inventories	(17	)	(8	)
Accounts and wages payable	(24	)	(17	)
Taxes accrued	(22	)	5	
Regulatory assets and liabilities	45		75	
Assets, other	(9	)	11	
Liabilities, other	(2	)	6	
Pension and other postretirement benefits	(19	)	(14	)
Net cash provided by operating activities	628		627	
Cash Flows From Investing Activities:				
Capital expenditures	(760	)	(683	)
Other	6		4	
Net cash used in investing activities	(754	)	(679	)
Cash Flows From Financing Activities:				
Dividends on common stock	—		(95	)
Dividends on preferred stock	(2	)	(2	)
Short-term debt, net	118		157	
	11		54	

Money pool borrowings, net		
Maturities of long-term debt	—	(129)
Other	(1)	(1)
Net cash provided by (used in) financing activities	126	(16)
Net change in cash and cash equivalents	—	(68)
Cash and cash equivalents at beginning of year	—	71
Cash and cash equivalents at end of period	$ —	$ 3

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, 2017

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, Ameren Missouri, Ameren Illinois, and ATXI, are described below. Ameren also has other subsidiaries that conduct other activities, such as the provision of shared services. Ameren evaluates competitive electric transmission investment opportunities outside of MISO as they arise.

- Union Electric Company, doing business as Ameren Missouri, operates a rate-regulated electric generation, transmission, and distribution business and a rate-regulated natural gas distribution business in Missouri.
- Ameren Illinois Company, doing business as Ameren Illinois, operates rate-regulated electric transmission, electric distribution, and natural gas distribution businesses in Illinois.
- ATXI operates a FERC rate-regulated electric transmission business. ATXI is developing MISO-approved electric transmission projects, including the Illinois Rivers, Spoon River, and Mark Twain projects.

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

As of September 30, 2017 and December 31, 2016, Ameren had unconsolidated variable interests as a limited partner in various equity method investments, totaling $14 million and $9 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 impact the activities of these variable interest entities. As of September 30, 2017, the maximum exposure to loss related to these variable interests is limited to the investment in these partnerships of $14 million plus associated outstanding funding commitments of $23 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 statement of our results. The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. Such estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. The results of operations of an interim period may not give a true indication of results that may be expected for a full year. See Note 2 – Rate and Regulatory Matters for information regarding the 2017 change in Ameren Illinois' method used to recognize interim period revenue in connection with the revenue decoupling provisions of the FEJA. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Form 10-K.

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

Asset Retirement Obligations

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

	Ameren Missouri	Ameren Illinois[a]	Ameren
Balance at December 31, 2016	$ 644 [b]	$ 6	$ 650 [b]
Liabilities settled	(4)	(1)	(5)
Accretion[c]	20	(d)	20
Change in estimates[e]	(18)	(1)	(19)
Balance at September 30, 2017	$ 642 [b]	$ 4	$ 646 [b]

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

(b) Balance included $15 million in "Other current liabilities" on the balance sheet as of both December 31, 2016 and September 30, 2017, respectively.

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

(d) Less than $1 million.

(e) Ameren Missouri changed its fair value estimate primarily due to an extension of the remediation period of certain CCR storage facilities, an update to the decommissioning of the Callaway energy center to reflect the cost study and funding analysis filed with the MoPSC in 2017, and an increase in the discount rate assumption.

Share-based Compensation

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

	Performance Share Units	
	Share Units	Weighted-average Fair Value per Share Unit
Nonvested at January 1, 2017	1,059,639	$ 48.04
Granted[a]	500,943	59.16
Forfeitures	(48,661)	52.54
Vested[b]	(27,446)	52.88
Nonvested at September 30, 2017	1,484,475	$ 51.55

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

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

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

Operating Revenue

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

Excise Taxes

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

	Three Months		Nine Months	
	2017	2016	2017	2016
Ameren Missouri	$ 51	$ 52	$122	$122
Ameren Illinois	10	9	40	40
Ameren	$ 61	$ 61	$162	$162

Earnings Per Share

Basic earnings per share is computed by dividing “Net Income Attributable to Ameren Common Shareholders” by the weighted-average number of common shares outstanding 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 were settled. The number of performance share units assumed to be settled was 2.1 million and 1.4 million in the three and nine months ended September 30, 2017, respectively, and 0.3 million and 0.4 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, 2017 and 2016.

Income Taxes

In July 2017, Illinois enacted a law that increased the state's corporate income tax rate from 7.75% to 9.5% as of July 1, 2017. The law made the increase in the state’s corporate income tax rate, which was previously scheduled to decrease to 7.3% in 2025, permanent. In July 2017, Ameren recorded an expense of $14 million at Ameren (parent) due to the revaluation of accumulated deferred taxes and the estimated state apportionment of such taxes. Beyond this expense, Ameren does not expect this tax increase to have a material impact on its consolidated net income prospectively. The tax increase is not expected to materially impact the earnings of the Ameren Illinois Electric Distribution, the Ameren Transmission, or the Ameren Illinois Transmission segments, since these businesses operate under formula ratemaking frameworks. The tax increase is expected to unfavorably affect 2017 net income of the Ameren Illinois Natural Gas segment by less than $1 million. In addition, in the third quarter of 2017, Ameren’s and Ameren Illinois’ accumulated deferred tax balances were revalued using the state’s new corporate income tax rate, which resulted in a net increase to the liability balances of $97 million and $79 million, respectively. These increased liabilities were offset by a regulatory asset, as well as income tax expense, as discussed above.

Accounting and Reporting Developments

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

Revenue from Contracts with Customers

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

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

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

In March 2017, the FASB issued authoritative guidance that requires an entity to retrospectively report the service cost component of net benefit cost in the same line item(s) as other compensation costs arising from services rendered by employees during the period and to present the other components of net benefit cost in the income statement separately from the service cost component and outside of operating income. The guidance also requires that an entity only capitalize the service cost component as part of an asset, such as inventory or property, plant, and equipment, on a prospective basis. Previously, all of the net benefit cost components were eligible for capitalization.

This change in the capitalization of net benefit costs will not affect our ability to continue to obtain recovery of net benefit costs through customer rates. See Note 11 – Retirement Benefits for the components of net benefit cost. This guidance will be effective for the Ameren Companies in the first quarter of 2018. We are currently assessing the impacts of this guidance on our results of operations, financial position, and disclosures.

NOTE 2 – RATE AND REGULATORY MATTERS

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

Missouri

March 2017 Electric Rate Order

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

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

ATXI's Mark Twain Project

The Mark Twain project is a MISO-approved transmission line to be located in northeast Missouri. In the third quarter of 2017, ATXI finalized an alternative project route and reached agreements with a cooperative electric company in northeast Missouri and Ameren Missouri to locate nearly all of the Mark Twain project on existing transmission line corridors. It also received assents for road crossings from the five affected counties in northeast Missouri. ATXI had previously filed suit in the circuit courts to obtain assents for the original project route. ATXI has since withdrawn one of the lawsuits. The other lawsuits remain pending but have been stayed until the first quarter of 2018. In September 2017, ATXI filed for a certificate of convenience and necessity with the MoPSC and anticipates a decision from the MoPSC in the first half of 2018. ATXI plans to complete the project in December 2019; however, delays in obtaining approval from the MoPSC could delay completion.

Illinois

IEIMA & FEJA

Ameren Illinois' electric distribution service rates are subject to an annual revenue requirement reconciliation to its actual recoverable costs and allowed return on equity under a formula ratemaking process effective through 2022. This formula ratemaking framework qualifies as an alternative revenue program under GAAP. Each year, Ameren Illinois records a regulatory asset or a regulatory liability and a corresponding increase or decrease to operating revenues for any differences between the revenue requirement reflected in customer rates for that year and its estimate of the probable increase or decrease in the revenue requirement expected to ultimately be approved by the ICC based on that year's actual recoverable costs incurred and investment return. As of September 30, 2017, Ameren Illinois had recorded regulatory assets of $24 million to reflect its 2016 revenue requirement reconciliation adjustment, which was included in the April 2017 formula rate update discussed below, and $16 million for the approved 2015 revenue requirement reconciliation adjustment, each with interest. As of September 30, 2017, Ameren Illinois had recorded a regulatory liability of $1 million to reflect the difference between Ameren Illinois' estimate of its 2017 revenue requirement and the revenue requirement reflected in customer rates, including interest.

In April 2017, Ameren Illinois filed with the ICC its annual electric distribution service formula rate update to establish the revenue requirement used for 2018 rates. In June 2017, the ICC staff submitted its calculation of the revenue requirement, which Ameren Illinois supported in its revised July 2017 filing, and recommended a decrease to the electric distribution service revenue requirement. Pending ICC approval, this update filing will result in a $17 million decrease in Ameren Illinois' electric distribution service revenue requirement beginning in January 2018. This update reflects an increase to the annual formula rate based on 2016 actual costs and expected net plant additions for 2017, as well as an increase to include the 2016 revenue requirement reconciliation adjustment. The increases in the update filing are more than offset by a decrease for the conclusion of the 2015 revenue requirement reconciliation adjustment, which will be fully collected from customers in 2017, consistent with the ICC's December 2016 annual update filing order. In November 2017, an administrative law judge issued a proposed order that was consistent with Ameren Illinois' revised July 2017 filing. An ICC decision regarding the revenue requirement to be used for customer rates in 2018 is expected by December 2017.

The FEJA revised certain portions of the IEIMA, including extending the IEIMA formula ratemaking process through 2022 and clarifying that a common equity ratio of up to, and including, 50% is prudent. Beginning in 2017, the FEJA provides that Ameren Illinois will recover, within the following two years, its electric distribution revenue requirement for a given year, independent of actual sales volumes. Prior to the FEJA, Ameren Illinois' interim period revenue recognition was volume-based, as revenues were affected by the timing of sales volumes due to seasonal rates and changes in volumes resulting from, among other things, weather and energy efficiency. This previous revenue recognition method resulted in more revenues during the third quarter and less revenues during the other quarters of each year. Beginning in 2017, in connection with the decoupling provisions of the FEJA, Ameren Illinois changed its method used to recognize interim period revenue. Ameren Illinois now recognizes revenue consistent with the timing of actual incurred electric distribution recoverable costs and recognizes revenue associated with the expected return on its rate base ratably over the year. Ameren Illinois recognized a reduction to electric revenue to reflect the difference between the estimate of its revenue requirement and the revenue requirement reflected in customer rates of $76 million and $1 million for the three and nine months ended September 30, 2017, respectively. Comparative electric revenues at Ameren Illinois for the three and nine months ended September 30, 2016, were increased $11 million and $24 million, respectively, for the difference between the estimate of its revenue requirement and the revenue requirement reflected in customer rates.

In June 2017, pursuant to the FEJA, Ameren Illinois filed with the ICC an energy efficiency plan for 2018 through 2021. In September 2017, the ICC issued an order approving Ameren Illinois' implementation of FEJA electric energy efficiency savings targets and investments. Ameren Illinois plans to invest up to $99 million in electric energy efficiency programs per year from 2018 through 2021 that will earn a return. The electric energy efficiency program investments and the return on those investments will be collected from customers through a rider and will not be included in the IEIMA formula ratemaking process.

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 segment in the Illinois Rivers project, which has an estimated segment cost of approximately $85 million, of which $32 million was invested as of September 30, 2017. These cases had been filed in order to obtain necessary easements and rights of way to complete the segment. The court found that required notice was not given to the relevant landowners during the underlying ICC proceeding. ATXI intends to appeal this decision. ATXI plans to complete the project in 2019; however, delays associated with the condemnation proceedings or an appeal arising from the order dismissing the Edgar County cases could delay the completion date. The other eight 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 September 2016, the FERC issued a final order in the November 2013 complaint case, which lowered the allowed base return on common equity for the 15-month period of November 2013 to February 2015 to 10.32%, or a 10.82% total allowed return on common equity with the inclusion of a 50 basis point incentive adder for participation in an RTO. The order required customer refunds, with interest, to be issued for that 15-month period. In the first six months of 2017, Ameren and Ameren Illinois refunded $21 million and $17 million, respectively, related to the November 2013 complaint case. In addition, the 10.82% allowed return on common equity has been reflected in rates since September 2016. The 10.82% allowed return on common equity 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 have since filed a motion to dismiss the February 2015 complaint. See below for additional information about the motion. The February 2015 complaint case seeks a further reduction in the allowed base return on common equity for FERC-regulated transmission rate base under the MISO tariff. In June 2016, an administrative law judge issued an initial decision in the February 2015 complaint case, which, if approved by the FERC, would lower the allowed base return on common equity for the 15-month period of February 2015 to May 2016 to 9.70%, or a 10.20% total allowed return on equity with the inclusion of a 50 basis point incentive adder for participation in an RTO, and require customer refunds, with interest, for that 15-month period. The timing of the issuance of the final order in the February 2015 complaint case is uncertain for two reasons. First, while the FERC reestablished a quorum of commissioners in August 2017 after six months without a quorum, the FERC is under no deadline to issue a final order. Second, in the second quarter of 2017, the United States Court of Appeals for the District of Columbia Circuit vacated and remanded to the FERC an order in a separate case in which the FERC established the allowed base return on common equity methodology used in the two MISO complaint cases described above. Ameren is unable to predict the impact of the outcome of the United States Court of Appeals for the District of Columbia Circuit’s remand on the MISO FERC complaint cases at this time.

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 being an unjust and unreasonable return and is not applicable given the currently effective 10.32% allowed base return on common equity. The MISO transmission owners further maintain that the currently effective 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 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 is insufficient. That same approach was rejected by the United States Court of Appeals for the District of Columbia Circuit, as discussed above. FERC is under no deadline to issue an order on this motion.

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

NOTE 3 – SHORT-TERM DEBT AND LIQUIDITY

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

The Missouri Credit Agreement and the Illinois Credit Agreement, both of which expire in December 2021, were not utilized for direct borrowings during the nine months ended September 30, 2017, but were used to support commercial paper issuances and to issue letters of credit. Based on commercial paper outstanding, as well as letters of credit issued under the Credit Agreements, the aggregate amount of credit capacity available under the Credit Agreements to Ameren (parent), Ameren Missouri, and Ameren Illinois, collectively, at September 30, 2017, was $1.7 billion. The Ameren Companies were in compliance with the covenants in their Credit Agreements as of September 30, 2017. As of September 30, 2017, the ratios of consolidated indebtedness to consolidated total capitalization, calculated in accordance with the provisions of the Credit Agreements, were 51%, 47%, and 46% for Ameren, Ameren Missouri, and Ameren Illinois, respectively.

Commercial Paper

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

	2017	2016
Ameren (parent)	$277	$507
Ameren Missouri	—	—
Ameren Illinois	169	51
Ameren Consolidated	$446	$558

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

	Ameren (parent)	Ameren Missouri	Ameren Illinois	Ameren Consolidated
2017				
Average daily commercial paper outstanding	$669	$7	$78	$ 754
Weighted-average interest rate	1.27 %	1.20 %	1.28 %	1.27 %
Peak commercial paper during period[(a)]	$841	$64	$193	$ 948
Peak interest rate	1.50 %	1.41 %	1.50 %	1.50 %
2016				

Average daily commercial paper outstanding	$435	$80	$48	$563
Weighted-average interest rate	0.81 %	0.74 %	0.72 %	0.79 %
Peak commercial paper during period[a]	$574	$208	$195	$839
Peak interest rate	0.95 %	0.85 %	0.85 %	0.95 %

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

Money Pools

Ameren has money pool agreements with and among its subsidiaries to coordinate and provide for short-term cash and working capital requirements. The average interest rate for borrowing under the utility money pool for the three and nine months ended September 30, 2017, was 1.24% and 1.18%, respectively (2016 – 0.53% and 0.54%, respectively). See Note 8 – Related Party Transactions for the amount of interest income and expense from the money pool arrangements recorded by the Ameren Companies for the three and nine months ended September 30, 2017 and 2016.

NOTE 4 – LONG-TERM DEBT AND EQUITY FINANCINGS

Ameren Missouri

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

ATXI

In June 2017, pursuant to a note purchase agreement, ATXI agreed to issue $450 million principal amount of 3.43% senior unsecured notes, due 2050, through a private placement offering exempt from registration under the Securities Act of 1933, as amended. ATXI issued $150 million principal amount of the notes in June 2017 and the remaining $300 million principal amount of the notes in August 2017. ATXI received proceeds of $449 million from the notes, which were used by ATXI to repay existing short-term and long-term affiliate debt owed to Ameren (parent).

ATXI may prepay at any time not less than 5% of the principal amount of notes then outstanding at 100% of the principal amount plus a make-whole premium. In the event of a change of control, as defined in the agreement, each holder of notes may require ATXI to prepay the entire unpaid principal amount of the notes held by such holder at a price equal to 100% of the principal amount of such notes together with accrued and unpaid interest thereon. The following table presents the principal maturities schedule for the notes:

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

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

Indenture Provisions and Other Covenants

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

Off-Balance-Sheet Arrangements

At September 30, 2017, none of the Ameren Companies had off-balance-sheet financing arrangements, other than operating leases

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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 AND EXPENSES

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

	Three Months		Nine Months	
	2017	2016	2017	2016
Ameren:[(a)]				
Miscellaneous income:				
Allowance for equity funds used during construction	$6	$ 7	$16	$ 20
Interest income on industrial development revenue bonds	7	7	20	20
Interest income	—	3	5	11
Other	—	1	1	3
Total miscellaneous income	$13	$ 18	$42	$ 54
Miscellaneous expense:				
Donations	$—	$ 1	$7	$ 8
Other	2	7	9	13
Total miscellaneous expense	$2	$ 8	$16	$ 21
Ameren Missouri:				
Miscellaneous income:				
Allowance for equity funds used during construction	$6	$ 6	$15	$ 16
Interest income on industrial development revenue bonds	7	7	20	20
Interest income	—	1	—	1
Other	—	—	1	1
Total miscellaneous income	$13	$ 14	$36	$ 38
Miscellaneous expense:				
Donations	$—	$ —	$2	$ 2
Other	2	2	4	4
Total miscellaneous expense	$2	$ 2	$6	$ 6
Ameren Illinois:				
Miscellaneous income:				
Allowance for equity funds used during construction	$—	$ 1	$1	$ 4
Interest income	1	2	5	9
Other	—	1	1	2
Total miscellaneous income	$1	$ 4	$7	$ 15
Miscellaneous expense:				
Donations	$—	$ 1	$5	$ 6
Other	—	2	3	5
Total miscellaneous expense	$—	$ 3	$8	$ 11

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

NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

	Quantity (in millions, except as indicated)					
	2017			2016		
Commodity	Ameren Missouri	Ameren Illinois	Ameren	Ameren Missouri	Ameren Illinois	Ameren
Fuel oils (in gallons)[(a)]	30	(b)	30	30	(b)	30
Natural gas (in mmbtu)	24	145	169	25	129	154
Power (in megawatthours)	2	9	11	1	9	10
Uranium (pounds in thousands)	370	(b)	370	345	(b)	345

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

(b) Not applicable.

All contracts considered to be derivative instruments are required to be recorded on the balance sheet at their fair values, unless the NPNS exception applies. See Note 7 – Fair Value Measurements for a discussion of our methods of assessing the fair value of derivative instruments. Many of our physical contracts, such as our purchased power contracts, qualify for the NPNS exception to derivative accounting rules. The revenue or expense on NPNS contracts is recognized at the contract price upon physical delivery.

If we determine that a contract meets the definition of a derivative and is not eligible for the NPNS exception, we review the contract to determine whether the resulting gains or losses qualify for regulatory deferral. Derivative contracts that qualify for regulatory deferral are recorded at fair value, with changes in fair value recorded as regulatory assets or liabilities in the period in which the change occurs. We believe derivative losses and gains deferred as regulatory assets and liabilities are probable of recovery, or refund, through future rates charged to customers. Regulatory assets and liabilities are amortized to operating income as related losses and gains are reflected in rates charged to customers. Therefore, gains and losses on these derivatives have no effect on operating income. As of September 30, 2017, and December 31, 2016, all contracts that met the definition of a derivative and were not eligible for the NPNS exception received regulatory deferral.

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

	Balance Sheet Location	Ameren Missouri	Ameren Illinois	Ameren
2017				
Fuel oils	Other current assets	$ 2	$ —	$ 2
	Other assets	1	—	1
Natural gas	Other current assets	—	1	1
	Other assets	—	1	1
Power	Other current assets	10	—	10
	Other assets	1	—	1
	Total assets (a)	$ 14	$ 2	$ 16
Fuel oils	Other current liabilities	$ 2	$ —	$ 2
Natural gas	Other current liabilities	3	8	11
	Other deferred credits and liabilities	4	6	10
Power	Other current liabilities	1	13	14
	Other deferred credits and liabilities	—	179	179
Uranium	Other deferred credits and liabilities	— (b)	—	— (b)
	Total liabilities (c)	$ 10	$ 206	$ 216
2016				
Fuel oils	Other current assets	$ 2	$ —	$ 2
	Other assets	1	—	1
Natural gas	Other current assets	1	11	12
	Other assets	1	2	3
Power	Other current assets	9	—	9
	Total assets (a)	$ 14	$ 13	$ 27
Fuel oils	Other current liabilities	$ 5	$ —	$ 5
Natural gas	Other current liabilities	1	3	4
	Other deferred credits and liabilities	5	5	10
Power	Other current liabilities	3	12	15
	Other deferred credits and liabilities	—	173	173
Uranium	Other deferred credits and liabilities	4	—	4
	Total liabilities (c)	$ 18	$ 193	$ 211

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

(b) Beginning in 2017, as a result of rulebook amendments at the Chicago Mercantile Exchange, the fair value of uranium derivative liabilities are offset by certain settlement payments made to the exchange previously characterized as collateral and included within "Other assets" on Ameren's and Ameren Missouri's balance sheet.

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

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

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

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

Concentrations of Credit Risk

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

Derivative Instruments with Credit Risk-Related Contingent Features

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

	Aggregate Fair Value of Derivative Liabilities[(a)]	Cash Collateral Posted	Potential Aggregate Amount of Additional Collateral Required[(b)]
2017			
Ameren Missouri	$ 59	$ 3	$ 48
Ameren Illinois	48	—	41
Ameren	$ 107	$ 3	$ 89

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

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

NOTE 7 – FAIR VALUE MEASUREMENTS

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

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

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

	Fair Value					
	Assets	Liabilities	Valuation Technique(s)	Unobservable Input	Range	Weighted Average
Level 3 Derivative asset and liability – commodity contracts[(a)]:						

2017

Fuel oils	$1	$ (1)	Option model	Volatilities(%)(b)	24 – 32	26
			Discounted cash flow	Counterparty credit risk(%)(c)(d)	0.12 – 0.22	0.17
				Ameren Missouri credit risk(%)(c)(d)	0.37	(e)
Natural gas	—	(2)	Discounted cash flow	Nodal basis ($/mmbtu)(b)	(1.10) – (0.10)	(0.80)
				Counterparty credit risk (%)(c)(d)	0.34 – 6	0.73
				Ameren Illinois credit risk (%)(c)(d)	0.37	(e)
Power(g)	$11	$ (193)	Discounted cash flow	Average forward peak and off-peak pricing – forwards/swaps ($/MWh)(h)	25 – 41	28
				Estimated auction price for FTRs ($/MW)(b)	(324) – 1,194	269
				Nodal basis ($/MWh)(h)	(3) – 0	(2)

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	Fair Value Assets	Liabilities	Valuation Technique(s)	Unobservable Input	Range	Weighted Average
				Counterparty credit risk (%)(c)(d)	0.28	(e)
				Ameren Illinois credit risk (%)(c)(d)	0.37	(e)
			Fundamental energy production model	Estimated future natural gas prices ($/mmbtu)(b)	3 – 4	3
				Escalation rate (%)(b)(i)	3	(e)
			Contract price allocation	Estimated renewable energy credit costs ($/credit)(b)	5 – 7	6
2016						
Fuel oils	$ 1	$ —	Option model	Volatilities (%)(b)	24 – 66	28
			Discounted cash flow	Counterparty credit risk (%)(c)(d)	0.13 – 0.22	0.15
				Ameren Missouri credit risk (%)(c)(d)	0.38	(e)
				Escalation rate (%)(b)(f)	(2) – 2	0
Natural gas	1	(1)	Option model	Volatilities (%)(b)	31 – 66	36
				Nodal basis ($/mmbtu)(b)	(0.40) – (0.10)	(0.20)
			Discounted cash flow	Nodal basis ($/mmbtu)(b)	(0.80) – 0	(0.50)
				Counterparty credit risk (%)(c)(d)	0.13 – 8	1
				Ameren Illinois credit risk (%)(c)(d)	0.38	(e)
Power(g)	9	(187)	Discounted cash flow	Average forward peak and off-peak pricing – forwards/swaps ($/MWh)(h)	26 – 44	29
				Estimated auction price for FTRs ($/MW)(b)	(71) – 5,270	125
				Nodal basis ($/MWh)(h)	(6) – 0	(2)
				Ameren Illinois credit risk (%)(c)(d)	0.38	(e)
			Fundamental energy production model	Estimated future natural gas prices ($/mmbtu)(b)	3 – 4	3
				Escalation rate (%)(b)(i)	5	(e)
			Contract price allocation	Estimated renewable energy credit costs ($/credit)(b)	5 – 7	6
Uranium	—	(4)	Option model	Volatilities (%)(b)	24	(e)
			Discounted cash flow	Average forward uranium pricing ($/pound)(b)	22 – 24	22
				Ameren Missouri credit risk (%)(c)(d)	0.38	(e)

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

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

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

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

(e) Not applicable.

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

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

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

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

We consider nonperformance risk in our valuation of derivative instruments by analyzing the credit standing of our counterparties and considering any counterparty credit enhancements (e.g., collateral). The guidance also requires that the fair value measurement of liabilities reflect the nonperformance risk of the reporting entity, as applicable. Therefore, we have factored the impact of our credit standing, as well as any potential credit enhancements, into the fair value measurement of both derivative assets and derivative liabilities. Included in our valuation, and based on current market conditions, is a valuation adjustment for counterparty default derived from market data such as the price of credit default swaps, bond yields, and credit ratings. No gains or losses related to valuation adjustments for counterparty default risk were recorded at Ameren, Ameren Missouri, or Ameren Illinois in the three and nine months ended September 30, 2017 or 2016. At September 30, 2017, and December 31, 2016, the counterparty default risk valuation adjustment related to derivative contracts was immaterial for Ameren, Ameren Missouri, and Ameren Illinois.

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, 2017:

		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	$ 2	$ —	$ 1	$ 3
	Natural gas	1	1	—	2
	Power	—	—	11	