

Exhibit No. 169

Exhibit No.:
Issue: *Rate of Return*
Witness: *Seoung Joun Won, PhD*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *True-Up Rebuttal Testimony*
Case No.: *ER-2022-0337*
Date Testimony Prepared: *March 24, 2023*

MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL AND BUSINESS ANALYSIS DIVISION
FINANCIAL ANALYSIS DEPARTMENT

TRUE-UP REBUTTAL TESTIMONY
OF
SEOUNG JOUN WON, PhD

UNION ELECTRIC COMPANY,
d/b/a AMEREN MISSOURI

CASE NO. ER-2022-0337

Jefferson City, Missouri
March 2023

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SEOUNG JOUN WON, PhD
UNION ELECTRIC COMPANY,
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1 **TRUE-UP REBUTTAL TESTIMONY**

2 **OF**

3 **SEOUNG JOUN WON, PhD**

4 **UNION ELECTRIC COMPANY,**
5 **d/b/a AMEREN MISSOURI**

6 **CASE NO. ER-2022-0337**

7 Q. Please state your name and business address.

8 A. My name is Seoung Joun Won and my business address is P.O. Box 360,
9 Jefferson City, Missouri 65102.

10 Q. Who is your employer and what is your present position?

11 A. I am employed by the Missouri Public Service Commission (“Commission”) as a
12 member of Commission Staff (“Staff”) and my title is Regulatory Compliance Manager for the
13 Financial Analysis Department, in the Financial and Business Analysis Division.

14 Q. Are you the same Seoung Joun Won who filed Direct Testimony on January 10,
15 2023, Rebuttal Testimony on February 15, 2023, and Surrebuttal / True-up Direct Testimony in
16 this proceeding?

17 A. Yes, I am.

18 **I. PURPOSE OF TESTIMONY**

19 Q. What is the purpose of your true-up rebuttal testimony?

20 A. The purpose of my true-up rebuttal testimony is to update my recommended capital
21 structure and cost of capital information for Ameren Missouri as of December 31, 2022 as well as
22 to respond to the true-up information in the surrebuttal testimonies of Darryl T. Sagel and
23 David Murray. Mr. Sagel sponsored cost of debt, capital structure and rate of return (“ROR”)
24 testimony on behalf of Ameren Missouri Inc. (“Ameren Missouri” or the “Company”), a

1 wholly-owned subsidiary of Ameren Corporation (“Ameren Corp.” or the “parent Company”).
2 Mr. Murray sponsored cost of debt, capital structure, and ROR testimony on behalf of the Missouri
3 Office of the Public Counsel (“OPC”). Within this testimony, Staff will address issues related to
4 a just and reasonable Rate of Return (“ROR”) to be applied to Ameren Missouri’s electric utility
5 rate base for ratemaking purposes in this proceeding. Staff’s analyses and conclusions are
6 supported by the data presented in Staff’s true-up rebuttal workpapers.

7 **II. UPDATED STAFF RECOMMENDATION**

8 Q. What is Staff’s updated recommended ROR for Ameren Missouri’s ratemaking in
9 this proceeding?

10 A. Staff’s updated recommended ROR is 6.87% for Ameren Missouri, as of
11 December 31, 2022, based on updated true-up information provided by Ameren Missouri on
12 March 16, 2023.¹ Staff’s ROR recommendation for Ameren Missouri incorporates a capital
13 structure consisting of 51.91% common equity, 0.67% preferred stock, and 47.42% long-term debt,
14 with an authorized ROE of 9.59%, a cost of preferred stock of 4.18%, and a 3.93% cost of
15 long-term debt.²

16 **II. RESPONSE TO TESTIMONY OF COMPANY WITNESS**

17 Q. What is Ameren Missouri’s updated proposed ROR for Ameren Missouri’s
18 ratemaking in this proceeding?

19 A. Mr. Sagel updated his proposed ROR to 7.185% for Ameren Missouri in his
20 surrebuttal testimony.³ Mr. Sagel’s ROR recommendation for Ameren Missouri incorporates a

¹ Staff’s Data Request Nos. 0191.2 and 0578.

² Schedule SJW-TR-1, Won’s Surrebuttal /True-Up Direct Testimony.

³ Page 10, lines 13-14, Sagel’s Surrebuttal Testimony.

1 capital structure consisting of 51.908% common equity, 0.669% preferred stock, and 47.423%
2 long-term debt, with an authorized ROE of 10.200%, a cost of preferred stock of 4.180%, and a
3 3.926% cost of long-term debt based on the true-up information as of December 31, 2022.⁴

4 Q. What are Staff's concerns with Mr. Sagel's proposed ROR for Ameren Missouri in
5 this proceeding?

6 A. While Staff has no concerns with the true-up information, Mr. Sagel continued to
7 rely on an overstated ROE of 10.20% for his proposed ROR of 7.185. Because this testimony is
8 true-up rebuttal testimony, Staff will not repeat the reason explaining why Mr. Sagel's proposed
9 ROE of 10.20% is unreasonable.⁵

10 **III. RESPONSE TO TESTIMONY OF OPC WITNESS**

11 Q. What is OPC's updated recommended ROR for Ameren Missouri's ratemaking in
12 this proceeding?

13 A. Mr. Murray only updated changes in the cost of long-term debt. Ameren Missouri's
14 cost of long-term debt increased by two basis points from 3.91% to 3.93%.⁶ Mr. Murray
15 recommended an ROR of 6.22% for Ameren Missouri using the consolidated capital structure of
16 Ameren Corp. consisting of 43.00% common equity, 0.69% preferred stock, and 56.31%
17 long-term debt with an authorized ROE of 9.25%, a cost of preferred stock of 4.18%, and a 3.93%
18 cost of long-term debt updated as of December 31, 2022.⁷

19 Q. What are Staff's concerns with Mr. Murray's proposed ROR for Ameren Missouri
20 in this proceeding?

⁴ Schedule DTS-S1, Sagel's Surrebuttal Testimony.

⁵ Pages 4-16, Won's Rebuttal Testimony and Pages 4-45, Surrebuttal / True-up Direct Testimony.

⁶ Page 2, lines 4-5, Murray's Surrebuttal Testimony.

⁷ Schedule SJW-TR-1, Won's Surrebuttal / True-Up Direct Testimony.

1 A. While Staff has no concerns on the true-up information, Mr. Murray continued to
2 rely on Ameren Corp.'s consolidated capital structure instead of Ameren Missouri's standalone
3 capital structure. Because this testimony is true-up rebuttal testimony, Staff will not repeat the
4 reasons to explain why Mr. Murray's recommended ratemaking capital structure is unreasonable.⁸

5 **V. CONCLUSIONS**

6 Q. Please summarize the conclusions of your true-up rebuttal testimonies.

7 A. While Staff has no concerns with the updated true-up information, it is
8 unreasonable that Mr. Sagel is using an overstated ROE of 10.20% and Mr. Murray is using
9 Ameren Corp.'s consolidated capital structure for calculating a fair allowed ROR in this
10 proceeding. Staff recommends an overall ROR of 6.87% for Ameren Missouri, as of December 31,
11 2022. Staff's ROR recommendation for Ameren Missouri incorporates a capital structure
12 consisting of 51.91% common equity, 0.67% preferred stock, and 47.42% long-term debt, with an
13 authorized ROE of 9.59%, a cost of preferred stock of 4.18%, and a 3.93% cost of long-term debt.⁹

14 Q. Does this conclude your true-up rebuttal testimony?

15 A. Yes.

⁸ Pages 35-39, Won's Rebuttal Testimony and Pages 46-51, Won's Surrebuttal / True-up Direct Testimony.

⁹ Schedule SJW-TR-1, Won's True-Up Rebuttal Testimony.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's Tariffs to Adjust)
Its Revenues for Electric Service) Case No. ER-2022-0337

AFFIDAVIT OF SEOUNG JOUN WON, PhD

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW SEOUNG JOUN WON, PhD and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *True-Up Rebuttal Testimony of Seoung Joun Won, PhD*; and that the same is true and correct according to his best knowledge and belief.

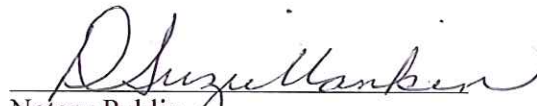
Further the Affiant sayeth not.


SEOUNG JOUN WON, PhD

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22nd day of March 2023.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070


Notary Public

**UNION ELECTRIC COMPANY, d/b/a AMEREN MISSOURI
CASE NO. ER-2022-0337**

ALLOWED RATE OF RETURN

Weighted Cost of Capital as of December 31, 2022

Capital Component	Percentage ¹ of Capital	Embedded Cost	Allowed Rate of Return Common Equity Return of:		
			Lower 9.34%	ROE 9.59%	Upper 9.84%
Common Stock Equity	51.91%	-	4.85%	4.98%	5.11%
Preferred Stock	0.67%	4.18% ²	0.03%	0.03%	0.03%
Long-Term Debt	47.42%	3.93% ³	1.86%	1.86%	1.86%
Total	<u>100.00%</u>		<u>6.74%</u>	<u>6.87%</u>	<u>7.00%</u>

Note:

1 Source: Staff Data Request Nos. 0191.1, 0192.1 & 0578.

2 Source: Staff Data Request Nos. 0187, 0192.1 & 0578.

3 Source: Staff Data Request Nos. 0187, 0192.1 & 0578.