

Exhibit No.:
Issue(s): *Certificates of Convenience,
Feasibility Analysis*
Witness: *Seoung Joun Won, PhD*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *EA-2022-0245*
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENGINEERING ANALYSIS DEPARTMENT

REBUTTAL TESTIMONY

OF

SEOUNG JOUN WON, PhD

**UNION ELECTRIC COMPANY,
d/b/a Ameren Missouri**

CASE NO. EA-2022-0245

*Jefferson City, Missouri
December 2022*

1 A. Ameren Missouri will simply invest the full amount of the Project costs directly,
2 supported by its capital structure and cost of capital instead of its original financing plan
3 engaging in the transactions in order to construct and finance the Project, including transactions
4 under the Build Transfer Agreement (“BTA”) and utilizing a tax equity partnership (“TEP”).¹
5 The purchase price of the Project under the BTA is approximately *** [REDACTED] ***.²

6 Q. What is Ameren Missouri witnesses’ original position related to the financial
7 ability of Ameren Missouri in this docket?

8 A. Mr. Wibbenmeyer and Mr. Lansford insisted Ameren Missouri has the financial
9 ability to construct, operate, and maintain the Project because it will engage in the transactions
10 in order to construct and finance the Project, including transactions under the BTA and utilizing
11 a TEP.³ The BTA arrangement, combined with tax equity financing, allows Ameren Missouri
12 to capture the entire value of the Investment Tax Credit (“ITC”) the Project will receive to the
13 benefit of all Ameren Missouri customers.⁴

14 Q. Why did Ameren Missouri change the original financing plan to the Project?

15 A. When they filed the Application on July 14, 2022, Ameren Missouri witnesses
16 had speculated that the implications of tax law changes that may or may not occur in the future
17 are unknown.⁵ After Ameren Missouri filed this case, President Biden signed the Inflation
18 Reduction Act of 2022 (“IRA”) into federal law with an effective date of August 16, 2022.⁶
19 The IRA extends both the investment tax credit (“ITC”) and production tax credit (“PTC”),

¹ Page 3, lines 11-12, Forsberg’s Supplemental Direct Testimony.

² Paragraph 26, The Application.

³ Page 3, lines 11-12, Forsberg’s Supplemental Direct Testimony.

⁴ Page 3, lines 20-23, Wibbenmeyer’s Direct Testimony.

⁵ Page 15, lines 17-18, Lansford’s Direct Testimony.

⁶ IRS, <https://www.irs.gov/inflation-reduction-act-of-2022>.

1 creating additional wage and apprenticeship requirements.⁷ The PTC is more favorable
2 for customers than Ameren Missouri's previous tax strategy to utilize the ITC in combination
3 with a TEP.⁸ Therefore, the IRA eliminates the need for a tax equity financing structure because
4 the benefits of the PTC can be fully captured by Ameren Missouri.⁹

5 Q. What is Ameren Missouri witnesses' new position related to the financial ability
6 of Ameren Missouri in this docket?

7 A. Ameren Missouri will simply invest the full amount of the Project costs directly,
8 supported by its capital structure and cost of capital.¹⁰ Ameren Missouri expects to finance the
9 project with a mix of debt and equity that is similar to the makeup of its capital structure.¹¹
10 As of June 30, Ameren Missouri's capital structure consists of 50.24% common equity,
11 0.68% preferred stock, and 49.08% long-term debt.¹²

12 Q. Do you agree with Ameren Missouri's witnesses that Ameren Missouri has
13 financial ability to construct, operate, and maintain the Project in this docket?

14 A. Yes. With consideration of Ameren Missouri's financial capacity, the Applicant
15 has the financial ability to provide the service. Ameren Missouri plans to spend \$9 billion
16 through 2025 on grid modernization, transmission system build-out, and renewable generation
17 capacity, and the Standard & Poor's ("S&P") expects over \$5.5 billion in capital spending
18 through 2023.¹³ Ameren Missouri is a wholly owned subsidiary of Ameren Corporation
19 ("Ameren Corp"). Over the next three years, the S&P expects Ameren Corp.'s elevated capital

⁷ Page 1, lines 11-13, Forsberg's Supplemental Direct Testimony.

⁸ Page 2, lines 3-4, Forsberg's Supplemental Direct Testimony.

⁹ Page 2, lines 5-6, Forsberg's Supplemental Direct Testimony.

¹⁰ On page 3, lines 11-12, Forsberg's Supplemental Direct Testimony.

¹¹ Staff Data Request No. 0072.

¹² Staff Data Request No. 0053.

¹³ RatingsDirect, S&P Global Ratings. April 30, 2021.

1 spending to reflect roughly \$10 billion in capital spending through 2024 across its electric
2 transmission and electric and gas distribution businesses.¹⁴ S&P and Moody's rated both
3 Ameren Missouri and Ameren Corp. as investment grade. S&P rated both Ameren Missouri
4 and Ameren Corp. as "BBB+", while Moody's rated them as "Baa1".¹⁵ Considering the fact
5 that the proposed cost for the Project is less than 5% of Ameren Missouri's capital expenditures
6 through 2023, it is reasonable to conclude that Ameren Missouri has the financial ability to
7 construct, operate, and maintain the Project.

8 Q. Does this conclude your rebuttal testimony?

9 A. Yes.

¹⁴ RatingsDirect, S&P Global Ratings. April 28, 2022.

¹⁵ S&P Capital IQ Pro.

Credentials and Background of

Seoung Joun Won, PhD

I am currently employed as a Regulatory Compliance Manager in the Financial Analysis Department of the Financial and Business Analysis Division of the Missouri Public Service Commission. I have been employed at the Missouri Public Service Commission since May 2010.

I received my Bachelor of Arts, Master of Arts, and Doctor of Philosophy in Mathematics from Yonsei University and my Bachelor of Business Administration in Financial Accounting from Seoul Digital University in Seoul, South Korea, and earned my Doctor of Philosophy in Economics from the University of Missouri - Columbia. Also, I passed several certificate examinations for Finance Specialist in South Korea such as Accounting Management, Financial Risk Manager, Enterprise Resource Planning Accounting Consultant, Derivatives Investment Advisor, Securities Investment Advisor, and Financial Planner.

Prior to joining the Commission, I taught both undergraduate and graduate level mathematics at the Korean Air Force Academy and Yonsei University for 13 years. I served as the director of the Education and Technology Research Center in NeoEdu for 5 years. Before starting my current position at the Missouri Public Service Commission, I had served as a regulatory economist in Tariff/Rate Design Department.

My current duties at the Commission include financial analysis of rate of return and cost of equity, valuation analysis on merger and acquisition, due diligence review and supporting economic and statistical analysis.

List of Previous Testimony Filed

Seoung Joun Won, PhD

<u>Case Number</u>	<u>Company</u>	<u>Issue</u>
EA-2022-0244	Union Electric Co., d/b/a Ameren Missouri	Financial Capability
EA-2022-0234	NextEra Energy Transmission Southwest, LLC	Financial Capability
ER-2022-0129	Evergy Missouri Metro	Rate of Return, Capital Structure
GR-2021-0320	Empire District Gas Company	Rate of Return, Capital Structure
GF-2022- 0169	Spire Missouri, Inc.	Financing Authority
EF-2022-0164	Union Electric Co., d/b/a Ameren Missouri	Financing Authority
WF-2022-0161	Missouri-American Water Company	Financing Authority
EF-2022- 0103	Evergy Missouri West, Inc.	Financing Authority
WF-2021-0427	Raytown Water Company	Financing Authority
ER-2021-0312	Empire District Electric Company	Rate of Return, Capital Structure
WF-2022-0066	Missouri American Water Company	Financing Authority
GR-2021-0241	Union Electric Co., d/b/a Ameren Missouri	Rate of Return, Capital Structure
ER-2021-0240	Union Electric Co., d/b/a Ameren Missouri	Rate of Return, Capital Structure
GR-2021-0108	Spire Missouri, Inc.	Rate of Return, Capital Structure
EA-2021-0087	Ameren Transmission Company of Illinois	Financial Capability
EA-2020-0371	Union Electric Co., d/b/a Ameren Missouri	Financial Capability

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Seoung Joun Won, PhD

<u>Case Number</u>	<u>Company</u>	<u>Issue</u>
SR-2020-0345	Missouri American Water Company	Rate of Return, Capital Structure
WR-2020-0344	Missouri American Water Company	Rate of Return, Capital Structure
EF-2020-0301	Evergy Missouri Metro	Financing Authority
WR-2020-0264	Raytown Water Company	Rate of Return, Capital Structure
WR-2020-0053	Confluence Rivers Utility Operating Company, Inc.	Rate of Return, Capital Structure
HM-2020-0039	Veolia Energy Kansas City, Inc. AIP Project Franklin Bidco	Merger and Acquisition
EO-2019-0133	KCP&L Greater Missouri Operations Company, Evergy Metro	Business Process Efficiency
EO-2019-0132	Kansas City Power & Light Company, Evergy Metro	Business Process Efficiency
GO-2019-0059	Spire West, Spire Missouri, Inc.	Weather Variables
GO-2019-0058	Spire East., Spire Missouri, Inc.	Weather Variables
ER-2018-0146	KCP&L Greater Missouri Operations Co.	Weather & Normalization, Net System Input
ER-2018-0145	Kansas City Power & Light Co.	Weather & Normalization, Net System Input
GR-2018-0013	Liberty Utilities (Midstates Natural Gas) Corp.	Weather Variables
GR-2017-0216	Missouri Gas Energy (Laclede), Spire Missouri, Inc.	Weather Variables
GR-2017-0215	Laclede Gas Co., Spire Missouri, Inc.	Weather Variables
ER-2016-0285	Kansas City Power & Light Co.	Weather & Normalization, Net System Input
ER-2016-0179	Union Electric Co., d/b/a Ameren Missouri	Weather & Normalization, Net System Input

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Seoung Joun Won, PhD

<u>Case Number</u>	<u>Company</u>	<u>Issue</u>
ER-2016-0156	KCP&L Greater Missouri Operations Co.	Weather & Normalization, Net System Input
ER-2016-0023	Empire District Electric Company	Weather & Normalization, Net System Input
ER-2014-0370	Kansas City Power & Light Co	Weather & Normalization, Net System Input
ER-2014-0351	Empire District Electric Company	Weather & Normalization, Net System Input
ER-2014-0258	Union Electric Co., d/b/a Ameren Missouri	Weather & Normalization, Net System Input
EC-2014-0223	Noranda Aluminum, Inc., et al, Complaint v. Union Electric Co., d/b/a Ameren Missouri	Weather Variables
GR-2014-0152	Liberty Utilities (Midstates Natural Gas) Corp.	Weather Variables
GR-2014-0086	Summit Natural Gas of Missouri, Inc.	Weather Variables
HR-2014-0066	Veolia Energy Kansas City, Inc.	Weather Variables, Revenue
GR-2013-0171	Laclede Gas Co.	Weather Variables
ER-2012-0345	Empire District Electric Company	Weather Variables, Revenue
ER-2012-0175	KCP&L Greater Missouri Operations Co.	Weather Variables
ER-2012-0174	Kansas City Power & Light Co.	Weather Variables
ER-2012-0166	Union Electric Co., d/b/a Ameren Missouri	Weather Variables, Revenue
HR-2011-0241	Veolia Energy Kansas City, Inc.	Weather Variables
ER-2011-0028	Union Electric Co., d/b/a Ameren Missouri	Weather Variables, Revenue

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<u>Case Number</u>	<u>Company</u>	<u>Issue</u>
ER-2011-0004	Empire District Electric Company	Weather Variables, Revenue
GR-2010-0363	Union Electric Co., d/b/a Ameren Missouri	Weather Variables
ER-2010-0356	KCP&L Greater Missouri Operations Co.	Weather Variables
ER-2010-0355	Kansas City Power & Light Co.	Weather Variables, Revenue

Work Related Publication

Won, Seoung Joun, X. Henry Wang, and Henry E. Warren. "Climate normals and weather normalization for utility regulation." *Energy Economics* (2016).