

*Exhibit No.:*  
*Issue(s):* Financial Ability  
*Witness:* Seoung Joun Won, PhD  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* EA-2023-0286  
*Date Testimony Prepared:* October 11, 2023

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

**REBUTTAL TESTIMONY**  
**OF**  
**SEOUNG JOUN WON, PhD**

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

**CASE NO. EA-2023-0286**

*Jefferson City, Missouri*  
*October 2023*

**\*\*\* Denotes Highly Confidential Information \*\*\***

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **SEOUNG JOUN WON, PhD**

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

6 **CASE NO. EA-2023-0286**

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  
12 a member of the Commission Staff (“Staff”) and my title is Regulatory Compliance Manager  
13 for the Financial Analysis Department, in the Financial and Business Analysis Division.

14 Q. What is your educational and employment background?

15 A. Please see Schedule SJW-r1

16 Q. What is the purpose of your rebuttal testimony?

17 A. In this testimony, Staff presents evidence and provides a recommendation  
18 regarding the financial ability of Union Electric Company, d/b/a Ameren Missouri (“Ameren  
19 Missouri”) to construct, install, own, operate, maintain, and otherwise control the four Projects  
20 (“Projects”). The Projects reflect a total of 550 megawatt (“MW”) of solar generation including  
21 the Split Rail Solar Project, the Cass County Solar Project, the Vandalia Solar Project, and the  
22 Bowling Green Solar Project.<sup>1</sup>

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<sup>1</sup> Paragraph 6, The Application.

1 Q. What is the estimated cost of the Projects?

2 A. In total, the Projects are estimated to cost \*\*\* [REDACTED] \*\*\*.<sup>2</sup> The  
3 estimated cost for each project prior to the impact of any tax incentives is shown in Table 1.

4 **Table 1. Project Cost Estimate<sup>3</sup>**

<u>Solar Project</u>	<u>Cost Estimate</u>
Split Rail	*** [REDACTED] ***
Cass County	*** [REDACTED] ***
Vandalia	*** [REDACTED] ***
Bowling Green	*** [REDACTED] ***

5  
6 Q. What is Ameren Missouri's plan to finance the Projects?

7 A. Ameren Missouri expects to finance the Projects through a mix of long-term  
8 debt and equity in line with current capitalization ratios utilized in developing revenue  
9 requirements for ratemaking purposes.<sup>4</sup> In their most recent rate case, Ameren Missouri  
10 proposed a ratemaking capital structure consisting of 51.928% common equity, 0.669%  
11 preferred stock, and 47.403% long-term debt.<sup>5</sup> Ameren Missouri does not currently anticipate  
12 any equity infusions from its parent will be necessary to finance the equity portion of the  
13 Projects' financing, but additional issuance of long-term debt may be required.<sup>6</sup>

14 Q. What is Ameren Missouri's position related to the financial ability of Ameren  
15 Missouri in this docket?

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<sup>2</sup> Paragraph 38, The Application.

<sup>3</sup> Page 6-7, Table 2, Scott Wibbenmeyer's Direct Testimony.

<sup>4</sup> Paragraph 38, The Application.

<sup>5</sup> Schedule DTS-D1, Darryle T. Sagel's Direct Testimony, File No. ER-2022-0377.

<sup>6</sup> Paragraph 38, The Application.

1           A.     In the Application, it is stated “Ameren Missouri has the financial ability to  
2 construct the Projects because it can access the equity and debt capital necessary to do so  
3 while maintaining strong financial metrics.”<sup>7</sup> According to Ameren Missouri’s witness,  
4 Mr. Steven M. Wills, (1) Ameren Missouri’s existing rate base exceeds \$11 billion; (2) its  
5 planned capital additions over the coming 5 years exceed \$7 billion; and (3) Moody’s and  
6 Standard & Poor’s assigned stable credit ratings of Baa1 and BBB+, respectively.<sup>8</sup>

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

9           A.     Yes. With consideration of Ameren Missouri’s financial capacity, the Applicant  
10 has the financial ability to provide the service. Ameren Missouri plans to spend \$9 billion  
11 through 2025 on grid modernization, transmission system build-out, and renewable generation  
12 capacity, and Standard & Poor’s (“S&P”) expects an average of \$1.7 billion in capital spending  
13 per year through 2024.<sup>9</sup> Ameren Missouri is a wholly owned subsidiary of Ameren Corporation  
14 (“Ameren Corp.”). Over the next five years, S&P expects Ameren Corp.’s elevated capital  
15 spending to reflect roughly \$19.7 billion in capital spending through 2024 across its electric  
16 transmission and electric and gas distribution businesses.<sup>10</sup> S&P and Moody’s rated both  
17 Ameren Missouri and Ameren Corp. as investment grade. S&P rated both Ameren Missouri  
18 and Ameren Corp. as “BBB+”, while Moody’s rated them as “Baa1”.<sup>11</sup>

19           In addition, to investigate the financial impact of the Projects, Staff conducted the pro  
20 forma analysis using financial ratios such as Debt to Earnings before Interest, Taxes, and

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<sup>7</sup> Paragraph 37, The Application.

<sup>8</sup> Pages 13-14, Steven M. Wills’ Direct Testimony.

<sup>9</sup> Union Electric Company, RatingsDirect, S&P Global Ratings. March 23, 2023.

<sup>10</sup> Ameren Corporation, RatingsDirect, S&P Global Ratings. March 23, 2023.

<sup>11</sup> S&P Capital IQ Pro.

1 Depreciation/Amortization (EBITDA) and Funds from Operations (FFO) to Debt. As shown in  
2 Table 2, Staff found that there is no significant change in Ameren Missouri’s financial risk  
3 profile due to the Projects.<sup>12</sup>

4 **Table 2. Ameren Missouri Financial Ratios<sup>13</sup>**

	Jun-23	Pro Forma
Debt / EBITDA	4.2	4.4
FFO / Debt	22.6%	22.8%

5  
6 Considering the proposed cost and financial impact of the Projects, it is reasonable to conclude  
7 that Ameren Missouri has the financial ability to construct, operate, and maintain the Projects.

8 Q. Does this conclude your rebuttal testimony?

9 A. Yes.

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<sup>12</sup> S&P’s Ratings Services, RatingsDirect, “Criteria Methodology: Business Risk/Financial Risk Matrix Expanded”.

<sup>13</sup> Staff’s Data Request No. 0022.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of Union )  
Electric Company d/b/a Ameren Missouri for ) Case No. EA-2023-0286  
Permission and Approval and Certificates of )  
Public Convenience and Necessity Authorizing )  
it to Construct Renewable Generation Facilities )

**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 *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 3<sup>rd</sup> day of October 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

## **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>
GA-2023-0441	Spire Missouri, Inc. d/b/a Spire	Financial Capability
EF-2023-0425	Evergy Metro Inc., d/b/a Evergy Missouri Metro	Financing Authority
SA-2023-0435	Missouri-American Water Company	Financial Capability
WA-2023-0434	Missouri-American Water Company	Financial Capability
GA-2023-0389	Spire Missouri, Inc. d/b/a Spire	Financial Capability
GA-2023-0374	Spire Missouri, Inc. d/b/a Spire	Financial Capability
GF-2023-0280	Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty	Financing Authority
WA-2023-0345	Missouri-American Water Company	Financial Capability
EA-2023-0226	Union Electric Co., d/b/a Ameren Missouri	Financial Capability
EA-2023-0017	Grain Belt Express LLC	Financial Capability
GA-2023-0038	Spire Missouri, Inc. d/b/a Spire	Financial Capability
EF-2022-0151	Union Electric Co., d/b/a Ameren Missouri	Financing Authority
EA-2022-0328	Evergy Missouri West, Inc. d/b/a Evergy Missouri West	Financial Capability
ER-2022-0337	Union Electric Co., d/b/a Ameren Missouri	Rate of Return, Capital Structure
EA-2022-0245	Union Electric Co., d/b/a Ameren Missouri	Financial Capability
EA-2022-0244	Union Electric Co., d/b/a Ameren Missouri	Financial Capability



cont'd List of Previous Testimony Filed

**Seoung Joun Won, PhD**

<u>Case Number</u>	<u>Company</u>	<u>Issue</u>
EA-2022-0234	NextEra Energy Transmission Southwest, LLC	Financial Capability
GR-2022-0179	Spire Missouri, Inc., d/b/a Spire	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
ER-2022-0130	Evergy Missouri West, Inc., d/b/a Evergy Missouri West	Rate of Return, Capital Structure
ER-2022-0129	Evergy Metro Inc., d/b/a Evergy Missouri Metro	Rate of Return, Capital Structure
EF-2022- 0103	Evergy Missouri West, Inc.	Financing Authority
WF-2022-0066	Missouri American Water Company	Financing Authority
WF-2021-0427	Raytown Water Company	Financing Authority
GR-2021-0320	Empire District Gas Company	Rate of Return, Capital Structure
ER-2021-0312	Empire District Electric Company	Rate of Return, Capital Structure
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

cont'd List of Previous Testimony Filed

**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
GR-2019-0077	Union Electric Co., d/b/a Ameren Missouri	Weather & Normalization, Net System Input
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

cont'd List of Previous Testimony Filed

**Seoung Joun Won, PhD**

<u>Case Number</u>	<u>Company</u>	<u>Issue</u>
ER-2016-0179	Union Electric Co., d/b/a Ameren Missouri	Weather & Normalization, Net System Input
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

cont'd List of Previous Testimony Filed

**Seoung Joun Won, PhD**

<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).