

<b>Exhibit No.:</b>	_____
<b>Issue(s):</b>	Cost Recovery Mechanism/ ISRS
<b>Witness/Type of Exhibit:</b>	Schallenberg/Direct
<b>Sponsoring Party:</b>	Public Counsel
<b>Case No.:</b>	GO-2016-0332 GO-2016-0333 GO-2017-0201 GO-2017-0202 GO-2018-0309 GO-2018-0310

**DIRECT TESTIMONY**

**OF**

**ROBERT E. SCHALLENBERG**

Submitted on Behalf of the Office of the Public Counsel

**LACLEDE GAS COMPANY**  
**SPIRE MISSOURI INCORPORATED**

CASE NOS. GO-2016-0332, GO-2016-0333, GO-2017-0201  
GO-2017-0202, GO-2018-0309 and GO-2018-0310

August 22, 2018



2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
Robert E. Schallenberg  
Director of Policy

Subscribed and sworn to me this 22<sup>nd</sup> day of August 2018.



JERENE A. BUCKMAN  
My Commission Expires  
August 23, 2021  
Cole County  
Commission #13754037

  
Jerene A. Buckman  
Notary Public

My Commission expires August 23, 2021.

**DIRECT TESTIMONY  
OF  
ROBERT E. SCHALLENBERG  
SPIRE MISSOURI EAST  
SPIRE MISSOURI WEST**

**CASE Nos. GO-2016-0332, GO-2016-0333, GO-2017-0201, GO-2017-0202, GO-2018-0309,  
and GO-2018-0310**

1 **Q. What is your name and what is your business address?**

2 A. Robert E. Schallenberg, PO Box 2230, Jefferson City, Missouri 65102.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as Director of Policy.

5 **Q. Have you previously provided testimony before the Missouri Public Service  
6 Commission?**

7 A. Yes.

8 **Q. What is your work and educational background?**

9 A. A copy of my work and educational experience is attached to this testimony as Schedule RES-  
10 D-1.

11 **Q. What is the purpose of your direct testimony?**

12 A. The purpose of this direct testimony is to provide OPC’s policy justifications for requesting  
13 (1) a full refund of the Infrastructure System Replacement Surcharge (“ISRS”) revenues  
14 collected by Spire for Case Nos. GO-2016-0332, GO-2016-0333, GO-2017-0201, and GO-  
15 2017-0202 and (2) the dismissal of Spire’s current request for an ISRS in Case Nos GO-2018-  
16 0309 and GO-2018-0310.

17 **Q. How much revenue did Spire collect from its ratepayers for Case Nos. GO-2016-0332,  
18 GO-2016-0333, GO-2017-0201, and GO-2017-0202?**

19 A. As stated in Mr. Robinett’s direct testimony, the rates from Case Nos.: GO-2016-0332 and  
20 GO-2016-0333 were in effect for 15 months prior to the ISRS being reset to zero in Spire’s  
21 most recent rate cases GR-2017-0215 and GR-2017-0216. Rates from: Case Nos. GO-2017-

1 0201 and GO-2017-0202 were in effect for 11 months prior to the resetting of the ISRS in  
2 Spire's most recent rate cases GR-2017-0215 and GR-2017-0216. For the four cases, Spire  
3 has collected \$15,154,515 in revenues from its customers for ISRS. Of this amount, MGE  
4 collected \$6,733,568.25 and Laclede collected \$8,420,946.75.

5 **Q. Why should Spire be required to refund the full \$15,145,515 collected from its**  
6 **customers?**

7 A. I reviewed the Western District's November 21, 2017 opinion issued in Docket No.  
8 WD80544. In that opinion, the Western District stated that:

9 Our conclusion that recovery of the costs for replacement of plastic  
10 components that are not worn out or in deteriorated condition is not  
11 available under ISRS is based solely on our determination that the costs do  
12 not satisfy the requirements found in the plain language of the section  
13 393.1009(5)(a).<sup>1</sup>

14 This decision indicates that the ISRSs approved in these cases were not based on  
15 Petitions that complied with the ISRS statute. Thus, these ISRSs were approved by  
16 the Commission and charged to Spire Missouri's customers when the Petitions did  
17 not meet the ISRS statutory requirements. Consequently, Spire should refund the  
18 full amount of revenue it collected.

19  
20 **Q. What is OPC's position related to Spire Missouri East's and Spire Missouri West's**  
21 **ISRS applications in Case Nos. GO-2018-0309 and GO-2018-0310?**

22 A. OPC's position is that these filings are also not compliant with the statutory ISRS  
23 requirements. I note that Spire has once again included costs for replacement of plastic  
24 components that are not worn out or in deteriorated condition. Therefore, the Commission

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<sup>1</sup> *PSC v. Office of Public Counsel (In re Laclede Gas Co.)*, 539 S.W.3d 835, 841 (Mo. App. W.D. 2017)

Direct Testimony of  
John A. Robinett

Case No. GO-2016-0332, GO-2016-0333  
GO-2017-0201, GO-2017-0202  
GO-2018-0309, GO-2018-0310

1           should find Spire’s filings non-compliant, reject the application, and order the applicants  
2           to exclude the non-compliant elements in future applications.

3   **Q.    Does this conclude your direct testimony?**

4   A.    Yes, it does.

**CASE PROCEEDING PARTICIPATION**  
**ROBERT E. SCHALLENBERG**

<b><u>COMPANY</u></b>	<b><u>CASE NO.</u></b>
Grain Belt Express Clean Line, LLC	EA-2016-0358
Spire, Inc. EnergySouth, Inc.	GM-2016-0342
Great Plains Energy, Inc. Westar Energy, Inc.	EM-2016-0324
Kansas City Power & Light Company	ER-2016-0285
The Empire District Electric Company, Liberty Utilities (Central) Co. and Liberty Sub Corp.	EM-2016-0213
Laclede Gas Company	GF-2015-0181
The Empire District Electric Company	AO-2012-0062
KCP&L Greater Missouri Operations Company	ER-2010-0356
Kansas City Power & Light Company	ER-2010-0355
Great Plains Energy Incorporated, Kansas City Power & Light Company	ER-2009-0090
Great Plains Energy Incorporated, Kansas City Power & Light Company	ER-2009-0089
Great Plains Energy Incorporated, Kansas City Power & Light Company, Aquila, Inc.	EM-2007-0374
Union Electric Company, d/b/a AmerenUE	ER-2007-0002
Missouri Pipeline Company	GC-2006-0491
Aquila, Inc.	ER-2005-0436
Union Electric Company, d/b/a AmerenUE	EA-2005-0180
Union Electric Company, d/b/a AmerenUE	EC-2002-1
Mississippi River Transmission	RP96-199-000
Williams Natural Gas Company	RP96-173-000

**CASE PROCEEDING PARTICIPATION**  
**ROBERT E. SCHALLENBERG**

Williams Natural Gas Company	RP95-136-000
Williams Natural Gas Company	RP94-365-000
Laclede Gas Company	GR-94-220
Western Resources	GM-94-40
<b><u>COMPANY</u></b>	<b><u>CASE NO.</u></b>
Western Resources	GR-93-240
St. Joseph Light & Power Company	ER-93-41
Southwestern Bell Telephone Company	TC-93-224
St. Joseph Light & Power Company	EC-92-214
Kansas Power & Light Company	GR-91-291
Kansas Power & Light Company	EM-91-213
Arkansas Power & Light Company	EM-91-29
Missouri Public Service Company	ER-90-101
Southwestern Bell Telephone Company	TR-90-98
General Telephone	TR-89-182
Southwestern Bell Telephone Company	TO-89-56
Southwestern Bell Telephone Company	TC-89-14
Union Electric Company	EC-87-114
General Telephone	TC-87-57
General Telephone	TM-87-19
General Telephone	TR-86-148
Southwestern Bell Telephone Company	TR-86-84
Kansas City Power & Light Company	EO-85-185
Kansas City Power & Light Company	ER-85-128

**CASE PROCEEDING PARTICIPATION**  
**ROBERT E. SCHALLENBERG**

Southwestern Bell Telephone Company	TR-83-253
Kansas City Power & Light Company	ER-83-49
Southwestern Bell Telephone Company	TR-82-199
Kansas City Power & Light Company	HR-82-67
Kansas City Power & Light Company	ER-82-66
Southwestern Bell Telephone Company	TO-82-3
Southwestern Bell Telephone Company	TR-81-208
Kansas City Power & Light Company	ER-81-42
<b><u>COMPANY</u></b>	<b><u>CASE NO.</u></b>
Southwestern Bell Telephone Company	TR-80-256
United Telephone Company of Missouri	TR-80-235
Kansas City Power & Light Company	ER-80-204
Kansas City Power & Light Company	ER-80-48
Kansas City Power & Light Company	ER-80-48
Southwestern Bell Telephone Company	TR-79-213
Gas Service Company	GR-79-114
Missouri Public Service Company	ER-79-60
Missouri Public Service Company	ER-79-61
Kansas City Power & Light Company	ER-78-252
Missouri Public Service Company	GR-78-30
Missouri Public Service Company	ER-78-29
Gas Service Company	GR-78-70
Kansas City Power & Light Company	ER-77-118

**CASE SUMMARY OF INVOLVEMENT  
OF  
ROBERT E. SCHALLENBERG**

Grain Belt Express Clean Line, LLC  
Case No. EA-2016-0358  
Date: January 24, 2017 (Rebuttal Report)  
Areas: Public Comments

Spire, Incorporated  
EnergySouth, Inc.  
Case No. GM-2016-0342  
Date: September 1, 2016 (Investigation Report)  
Areas: Affiliated Transactions

Great Plains Energy Incorporated  
Westar Energy, Inc.  
Case No. EM-2016-0324  
Date: July 25, 2016 (Investigation Report)  
Areas: Affiliated Transactions

Kansas City Power & Light Company  
Case No. ER-2016-0285  
Date: January 27, 2017 (Surrebuttal)  
Areas: Affiliate Transactions

The Empire District Electric Company,  
Liberty Utilities (Central) Co. and Liberty Sub Corp.  
Case No. EM-2016-0213  
Date: July 20, 2016 (Rebuttal)  
Areas: Affiliated Transactions

Laclede Gas Company  
Case No. GF-2015-0181  
Date: June 18, 2015 (Affidavit)  
Areas: Finance Authority

The Empire District Electric Company  
Case No. AO-2012-0062  
Date: September 9, 2016 (Direct)  
Areas: Affiliated Transactions; Cost Allocation Manual

KCP&L Greater Missouri Operations Company  
Case No. ER-2010-0356  
Date: November 4, 2010 (Report)  
Areas: Construction Audit and Prudence Review

**CASE SUMMARY OF INVOLVEMENT  
OF  
ROBERT E. SCHALLENBERG**

Kansas City Power & Light Company  
Case No. ER-2010-0355  
Date: November 4, 2010 (Report)  
Areas: Construction Audit and Prudence Review

Great Plains Energy Incorporated,  
Kansas City Power & Light Company  
Case No. ER-2009-0090  
Date: April 9, 2009 (Surrebuttal)  
Areas: Iatan Prudence Review

Great Plains Energy Incorporated,  
Kansas City Power & Light Company  
Case No. ER-2009-0089  
Date: April 7, 2009 (Surrebuttal)  
Areas: Iatan Prudence Review

Great Plains Energy Incorporated,  
Kansas City Power & Light Company, Aquila, Inc.  
Case No. EM-2007-0374  
Date: October 12, 2007 (Rebuttal and  
Staff Report of Evaluation and Recommendations)  
Areas: GPE Acquisition of Aquila

Union Electric Company, d/b/a AmerenUE  
Case No. ER-2007-0002  
Date: February 28, 2007 (Surrebuttal)  
Areas: EEInc.  
  
Date: January 31, 2007 (Rebuttal)  
Areas: EEInc. and 4 CSR 240-10.020

Missouri Pipeline Company  
Case No. GC-2006-0491  
Date: September 6, 2006 (Direct)  
November 17, 2006 (Surrebuttal)  
Areas: Affiliate Transactions, Tariff Violations and Associated Penalties;  
Transportation Tariffs

Aquila, Inc.  
Case No. ER-2005-0436  
Date: October, 14 2005 (Direct)  
December 13, 2005 (Surrebuttal)  
Areas: Unit Ownership Costs

**CASE SUMMARY OF INVOLVEMENT  
OF  
ROBERT E. SCHALLENBERG**

Union Electric Company, d/b/a AmerenUE  
Case No. EA-2005-0180  
Date: October 15, 2005 (Rebuttal)  
Areas: East Transfer

Union Electric Company d/b/a AmerenUE  
Case No. EC-2002-1  
Date: June 24, 2002 (Surrebuttal)  
Area: Overview, 4 CSR 240-10.020, Alternative Regulation Plan

Laclede Gas Company  
Case No. GR-94-220  
Date: July 1, 1994 (Direct)  
Areas: Property Taxes, Manufactured Gas Accruals, Deregulated Cost Assignments

Western Resources, Inc.,  
dba Gas Service, a Western Resources Company  
Case No. GM-94-40  
Date: November 29, 1993 (Rebuttal)  
Areas: Jurisdictional Consequences of the Sale of Missouri Gas Properties

Kansas Power & Light Company  
Case No. EM-91-213  
Date: April 15, 1991 (Rebuttal)  
Areas: Purchase of Kansas Gas & Electric Company

Arkansas Power & Light Company and Union Electric Company  
Case No. EM-91-29  
Date: 1990-1991  
Areas: No pre-filed rebuttal testimony by Staff before non-unanimous stipulation and agreement reached.

General Telephone Company of the Midwest  
Case No. TM-87-19  
Date: December 17, 1986  
Areas: Merger

Union Electric Company  
Case No. EC-87-114  
Date: September 9, 1987 (Surrebuttal)  
Date: April 24, 1987 (Direct)  
Areas: Elimination of Further Company Phase-In Increases, Write-Off of Callaway I to Company's Capital Structure

**CASE SUMMARY OF INVOLVEMENT  
OF  
ROBERT E. SCHALLENBERG**

General Telephone Company of the Midwest

Case No. TC-87-57

Date: December 22, 1986

Areas: Background and Overview, GTE Service Corporation, Merger Adjustment,  
Adjustments to Income Statement

Southwestern Bell Telephone Company

Case No. TR-86-84

Date: 1986

No prefiled direct testimony by Staff - case settled before Staff direct testimony filed.

Kansas City Power & Light Company

Case Nos. EO-85-185 and ER-85-128

Date: April 11, 1985

Areas: Phase I - Electric Jurisdictional Allocations

Date: June 21, 1985

Areas: Phase III - Deferred Taxes Offset to Rate Base

Date: July 3, 1985

Areas: Phase IV - 47% vs. 41.5% Ownership, Interest, Phase-In, Test Year/True-Up,  
Decision to Build Wolf Creek, Non-Wolf Creek Depreciation Rates, Depreciation  
Reserve

Southwestern Bell Telephone Company

Case No. TR-83-253

Date: September 23, 1983

Areas: Cost of Divestiture Relating to AT&T Communications, Test Year, True-Up,  
Management Efficiency and Economy

Kansas City Power & Light Company

Case No. ER-83-49

Date: February 11, 1983

Areas: Test Year, Fuel Inventories, Other O&M Expense Adjustment, Attrition Adjustment,  
Fuel Expense-Forecasted Fuel Prices, Deferred Taxes Offset to Rate Base

Kansas City Power & Light Company

Case Nos. ER-82-66 and HR-82-67

Date: March 26, 1982

Areas: Indexing/Attrition, Normalization vs. Flow-Through, Deferred Taxes as an Offset to  
Rate Base, Annualization of Amortization of Deferred Income Taxes, Cost of  
Money/Rate of Return, Allocations, Fuel Inventories, Iatan AFDC Associated with  
AEC Sale, Forecasted Coal and Natural Gas Prices, Allowance for Known and  
Measurable Changes

**CASE SUMMARY OF INVOLVEMENT  
OF  
ROBERT E. SCHALLENBERG**

Southwestern Bell Telephone Company

Case No. TR-82-199

Date: August 27, 1982

Areas: License Contract, Capitalized Property Taxes, Normalization vs. Flow-Through,  
Interest Expense, Separations, Consent Decree, Capital Structure Relationship

Generic Telecommunications

Straight Line Equal Life Group and Remaining Life Depreciation Methods

Case No. TO-82-3

Date: December 23, 1981

Areas: Depreciation

Southwestern Bell Telephone Company

Case No. TR-81-208

Date: August 6, 1981

Areas: License Contract, Flow-Through vs. Normalization

Kansas City Power & Light Company

Case No. ER-81-42

Date: March 13, 1981

Areas: Iatan (AEC Sale), Normalization vs. Flow-Through, Allocations, Allowance for  
Known and Measurable Changes

Southwestern Bell Telephone Company

Case No. TR-80-256

Date: October 23, 1980

Areas: Flow-Through vs. Normalization

United Telephone Company of Missouri

Case No. TR-80-235

Date: December 1980

Areas: Rate of Return

Kansas City Power & Light Company

Case Nos. ER-80-48 and ER-80-204

Date: March 11, 1980

Areas: Iatan Station Excess Capacity, Interest Synchronization, Allocations

Southwestern Bell Telephone Company

Case No. TR-79-213

Date: October 19, 1979

Areas: Income Taxes, Deferred Taxes

**CASE SUMMARY OF INVOLVEMENT  
OF  
ROBERT E. SCHALLENBERG**

Gas Service Company  
Case No. GR-79-114  
Date: June 15, 1979  
Areas: Deferred Taxes as an Offset to Rate Base

Missouri Public Service Company  
Case Nos. ER-79-60 and GR-79-61  
Date: April 9, 1979  
Areas: Depreciation Reserve, Cash Working Capital

Missouri Public Service Company  
Case Nos. ER-78-29 and GR-78-30  
Date: August 10, 1978  
Areas: Fuel Expense, Electric Materials and Supplies, Electric and Gas Prepayments,  
Electric and Gas Cash Working Capital, Electric Revenues

While in the employ of the Kansas State Corporation Commission in 1978, Mr. Schallenberg worked on a Gas Service Company rate case and rate cases of various electric cooperatives.