Exhibit No.:	207
Issue(s):	Future Combined Gas & Electric Rate Cases
Witness/Type of Exhibit:	Schallenberg/Surrebuttal
Sponsoring Party:	Public Counsel
Case No.:	GR-2019-0077

SURREBUTTAL TESTIMONY

OF

ROBERT E. SCHALLENBERG

Submitted on Behalf of the Office of the Public Counsel

UNION ELECTRIC COMPANY
D/B/A AMEREN MISSOURI

FILE NO. GR-2019-0077

July 10, 2019

OPC Exhibit No. 207
Date 8-15-19 Reporter CDT
File No. GR-2019-0077

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 Increase Its Revenues for Natural Gas Service	))))	File No. GR-2019-0077

AFFIDAVIT OF ROBERT E. SCHALLENBERG

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Robert E. Schallenberg, of lawful age and being first duly sworn, deposes and states:

1. My name is Robert E. Schallenberg. I am a Director of Policy for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal 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 10th day of July 2019.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

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

Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.

SURREBUTTAL TESTIMONY

OF

ROBERT E. SCHALLENBERG

FILE NO. GR-2019-0077

Q. Please state your name and business address.

A. Robert E Schallenberg. My business address is Post Office Box 2230, Jefferson City, Missouri 65102.

Q. Are you the same Robert E. Schallenberg who previously filed rebuttal testimony in this proceeding?

A. Yes. I previously filed rebuttal testimony in this proceeding.

Q. Are your educational background and experience outlined in your prior testimony?

A. Yes.

Q. On whose behalf are you appearing in this proceeding?

A. I am testifying on behalf of Missouri Office of the Public Counsel (OPC).

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to address the rebuttal testimony of Union Electric Company d/b/a Ameren Missouri ("UEC") witness Tom Byrne regarding the Commission Staff's recommendation that UEC be required to file a combined electric/gas rate case. The matter is discussed on page 8 line 3 through page 9, line 7 of Mr. Byrne's rebuttal testimony.

Q. What are the points that you will be addressing from Mr. Byrne's rebuttal testimony regarding this issue?

A. Mr. Bryne opposes the Commission Staff's proposal on two points. First, that the Commission has no authority to require UEC to file combined electric and gas rate cases in the future. The second point is that there is no basis for the Commission to invoke its authority to initiate a complaint to compel the examination of UEC's gas rates that Staff suggests.

Q. What is your opinion regarding the first point raised in the rebuttal testimony?

A. The first assertion raised is that the Commission lacks the authority to require UEC to file future rate cases addressing both its electric and gas Missouri retail utility operations. As advised by counsel, this a legal assertion and should be addressed in the briefs filed on the issue in this proceeding. The rebuttal testimony generally cites statutes but with no indication of the statutory language on which it relies and cites no case law to support this assertion. The relevant statutory language and case law can be included in legal briefs submitted after this hearing and provide the opportunity determine the legitimacy of this assertion.

Q. Why should UEC's electric and gas operations be examined at the same time?

A. The electric and gas operations are not operated separately from each other. Goods and services are acquired at the UEC level common for both operations. Ameren records common costs used by both its electric and gas operations as electric and common costs. Thus the gas portion of these common costs must be removed from electric expenses or they will charged to electric customers.

Q. Are UEC's gas operations operated separately from the UEC electric operations?

A. They are not. UEC operates multiple lines of business. The legal entity, UEC, operates both a Missouri electric and gas public utility by using common services for both utility lines of business. For example, UEC will engage in affiliate transactions to acquire goods and services for both UEC's gas and electric utility operations. UEC gas utility shares operations with UEC electric operations and both are controlled by the same services company (AMS) and the same holding company (AMC). UEC files a single FERC Form 1 for both the Missouri electric and gas operations. Both utilities are controlled by the same holding company, Ameren Services Company or AMS. Ameren customers who have both electric and natural gas service receive a single bill. In fact, I am a UEC electric and gas customer receiving one bill for both services.

Q. You've established that both operations share common costs. Why then is it important that both utility affiliates' costs be examined at the same time?

It is important for both the companies and their customers in several respects. First, UEC has two cost categories, electric common and gas. Any UEC electric and gas rate case require an examination of the electric common costs to determine the amount of these costs to be recovered from UEC's electric customers versus its gas customers. It is inefficient to examine these common costs separately and combining the rate cases allows the results of the examination, or audit, to apply to both utility operations at that time. Additionally, there is a quality assurance element created from the requirement that electric and gas rates be studied at the same time. Since common costs are combined with electric costs, an electric case must remove the amount of common cost that need to be charged to UEC's gas utility business.

When the rate cases are filed separately, it creates a profit incentive for UEC to charge a greater portion of common costs to the utility filing that rate case. If both electric and gas utility rate cases are filed at the same time, the opportunity to increase profits in this manner is eliminated, so eliminating any common costs shifting will resulting in lower rates for the utility and its customers.

Q. Is it more efficient for UEC to file its electric and gas rate cases simultaneously?

A. Yes. It should reduce the time UEC's employees spend on preparing and filing testimony since there is overlap in numerous areas. Also, the cost of experts would be significantly reduced and the time and expense of litigating a combined case should be less than the cost of separate proceedings. This would benefit both customers and shareholders.

Q. Does this conclude your surrebuttal testimony?

A. Yes.