Exhibit No.:	
Issues:	Vegetation Management and System Reliability
Witness:	Ronald C. Zdellar
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Surrebuttal Testimony
Case No.:	ER-2007-0002
Date Testimony Prepared:	February 27, 2007

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2007-0002

SURREBUTTAL TESTIMONY

OF

RONALD C. ZDELLAR

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
February, 2007

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SURREBUTTAL TESTIMONY

OF

RONALD C. ZDELLAR

CASE NO. ER-2007-0002

Q. Please state your name and business address.

A. My name is Ronald C. Zdellar. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63166-6149.

Q. Are you the same Ronald C. Zdellar that filed Rebuttal Testimony in this proceeding?

A. Yes, I am.

Q. What is the purpose of your Surrebuttal Testimony in this proceeding?

A. I am responding to the portion of Missouri Public Service Commission Staff (Staff) Warren T. Wood's Rebuttal Testimony, which deals with AmerenUE's vegetation management and system reliability. AmerenUE is generally supportive of Mr. Wood's recommendations, many of which will increase the transparency of the Company's vegetation management inspection and maintenance programs to the Commission.

I. TRACKING AND REPORTING OF THE $45 MILLION IN VEGETATION MANAGEMENT FUNDING

Q. Mr. Wood recommends that AmerenUE track and report annually all vegetation management expenditures made by or on behalf of AmerenUE and that tracking be done for both the distribution and transmission systems. Is this something AmerenUE supports?

A. AmerenUE already files an annual report in Case No. EW-2004-0583 which shows the expenditures made by or on behalf of AmerenUE for its vegetation management

programs along its distribution system. That report can be modified as needed to provide the Commission additional information. Certainly, the Company has no objection to tracking expenditures on its transmission system or to reporting that information to the Commission. The Company would ask that the Commission ensure AmerenUE does not end up having to make duplicative reports in this case and in Case No. EW-2004-0583.

AmerenUE supports making its vegetation management programs more transparent to the Commission and its Staff. Beyond tracking expenditures, the Company proposes to provide a breakdown of those expenditures among the types of new vegetation management programs being implemented, such as work done on prescriptive tree trimming, off right-of-way tree removal and tree replacement programs. The Company feels it is important and helpful for the Commission to be aware of AmerenUE's progress on a continuing basis, rather than only reviewing these programs during rate cases or after a major storm outage.

Finally, AmerenUE would point out that the level of expenditures for each of these programs will not remain static and will likely change from year to year. The Company would caution that it is imperative that AmerenUE retain the operational flexibility to modify these programs on an annual basis in order to best serve the needs of its customers.

Q. Mr. Wood recommends that if the entire $45 million earmarked for vegetation management is not spent in a given annual reporting period, then interest would be applied to the unspent portion and that amount be spent the next year. He

also recommended that AmerenUE not be allowed to spend in excess of the $45 million annually in order to hedge for future under spending. How do you respond?

A. Generally, the Company is supportive of this approach. The $45 million is an annual amount to be spent, but in the case of unforeseen circumstances which prevent the Company from meeting that spending level, there needs to be a fair make-up provision which would allow the Company to spend that money the next year. The application of a reasonable rate of interest to any unspent amount is acceptable to AmerenUE. Further, the Company also has no objection to the limitation against hedging for any future under spending. However, AmerenUE hopes this provision is not interpreted to mean that the Company cannot spend more than $45 million under any circumstances. When operational needs dictate, the Company may need the flexibility to spend more than the target amount. In addition, changes in the labor agreements with AmerenUE's vegetation management contractors can influence the amount of money spent. Again, the Company would agree that those "over expenditure" amounts should not be counted against the tracking mechanism, but would like to ensure that the $45 million commitment not create a limit on the amount of money AmerenUE can spend on vegetation management.

I would propose one modification to Mr. Wood's proposal; I suggest that the tracking of expenditures be done on a calendar year basis, from January 1st through December 31st, rather than on a fiscal year basis, from July 1st through June 30th. Synchronizing the tracking of these programs with the calendar will simplify the work required both to administer the programs and to make the annual report to the Commission. AmerenUE would agree to make its first annual report to the Commission in July 2008, to

show that $45 million had been spent in the first year of the program. The Company asks that the Commission then change the reporting to occur after the close of each calendar year.

II. INFRASTRUCTURE INSPECTION AND MAINTENANCE

Q. Mr. Wood recommends increasing AmerenUE's infrastructure inspections, including inspecting all electric delivery infrastructure at regulator intervals, in no case less frequently than every 12 years. Can you comment on this recommendation?

A. We agree with this recommendation. In fact, the Company has already committed to following this schedule in Case No. EO-2007-0037. See AmerenUE's *Response to Staff's Report on Union Electric Company d/b/a AmerenUE's Storm Preparation and Restoration Efforts in Eastern Missouri*, December 21, 2006, p. 7. The following are the types of inspections the Company has agreed to perform and the cycle for each.

- Inspections by Tree Trimmers – Tree trimming crews are trained to report damage or deteriorated facilities spotted during the course of their tree trimming activities. Cycle length - four years for urban areas and six years for rural areas.
- Complete Overhead Circuit Inspection and Attachment Survey – All overhead subtransmission and distribution circuits will be inspected via ground patrol. Poles, hardware, conductor and equipment will be inspected for damage, leaks, deterioration and other deficiencies. Tree contacts or conflicts with other foreign materials will be noted. Additionally, all facilities, including foreign attachments, will be inspected for National Electric Safety Code

(NESC) compliance. Cycle length – four years for urban areas and six years for rural. It is important to note that these inspections will occur in the middle of the tree trimming cycles. So, a type of inspection occurs every two years in urban areas and every three years for rural areas.

- Supplemental Inspections – All subtransmission circuits will be inspected on a bi-yearly basis. The method of inspection will be either ground or aerial patrol, whichever is most appropriate. Cycle length – two years.
- Aerial Infrared Inspections – Subtransmission circuits will be surveyed via helicopter utilizing infrared cameras to detect hot spots. These inspections will be performed at the discretion of the local engineering office. Frequency will depend on the historical performance of the circuits, results from past inspections and other operating consideration. Cycle length – as needed.
- Pole Inspection and Treatment – Subtransmission poles and distribution poles will be inspected on a cyclical basis. Poles will be subjected to a full groundline inspection for strength assessment. Poles that pass the inspection will be treated at the ground line with a preservative for life extension. Poles failing inspection will be replaced. Poles showing some deterioration but not needing replacement will be reinforced with a steel C-truss. Cycle length – 12 years.
- Capacitor Inspections – Capacitors will be inspected for leaks or physical damage and checked for operability. Follow-up actions will be based on compliance with appropriate operational procedures. Cycle length – one year.

- Regulator Inspection and Reading – Voltage regulators will be inspected for leaks or physical damage. The voltage indicator will be read. Follow-up actions will be based on compliance with appropriate operational procedures. Cycle length – one year.
- Line Recloser Inspection and Reading – Line reclosers will be inspected for leaks or physical damage and the counter reading will be taken. Follow-up actions will be based on compliance with appropriate operations procedures. Cycle length – one year.
- Underground Network Inspections – Underground network transformers will be inspected for leaks or physical damage. Follow-up actions will be based on compliance with appropriate operations procedures. Cycle length – one year.
- Underground Residential Distribution (URD) Inspections – URD equipment, including padmount transformers, pedestals and switchgear, will be inspected for physical damage or leaks. Follow-up actions will be based on compliance with appropriate equipment type. Cycle length – eight years.
- Field Personnel As-Found Reports – All AmerenUE personnel will report deficiencies as they are encountered in the field. Cycle length – on an ongoing basis.

III. SERVICE RELIABILITY

Q. Do you have any comments on Mr. Wood's discussion of the reliability of electric service provided by AmerenUE?

A. Yes. First, I would note that Mr. Wood pointed out that AmerenUE's system service reliability metrics were not abnormal, just as I stated in my Rebuttal Testimony. Mr.

Wood also acknowledged that the Company has in place a Division Reliability Review process which he considers adequate for identifying areas that need improvement for system reliability. AmerenUE will continue to use these reviews to identify areas of AmerenUE's system that are in need of improvement.

Q. Service reliability was a major concern that was brought out at the public hearings held in this case. Has AmerenUE committed to any new programs to focus on customers who suffer repeated outages?

A. Yes. AmerenUE is implementing a program to focus on service to customers who experience repetitive outages. Repetitive outages would be defined as a customer having four or more outages a year for a period of at least three years. Statistically, some customers will be subjected to four or more outages in a single year due to random events – such as storms, car accidents and dig-ins. Focusing on customers with a multi-year history of multiple outages will help identify the true problem areas on the AmerenUE system. Further, the Company continues to install lightning protection equipment and the tap fusing, automated switching and underground cable replacement programs described in the Direct Testimony of Richard J. Mark. And, of course, the inspection programs listed above will all work to improve the general reliability of electric service that is provided to our customers.

Further, as I stated in my Rebuttal Testimony, AmerenUE continues to review the transcripts of the public hearings held in this case and to follow up on specific problems that customers identified during their testimony. We have already rectified a great many of the specific problems identified at the hearings, such as a low hanging wire or a tree on a customer's property. The Company continues to work on addressing these issues.

Q. What other avenues is the Company pursuing to improve the reliability of the service to its customers?

A. The Company is pursuing a multitude of methods to improve the reliability of its electric system. Besides those mentioned previously, the Company has committed to hiring a consultant to assist in the development of strategies to harden AmerenUE's energy delivery system. The selection of the consultant has not yet been finalized, but the Company hope to make an announcement of a selection soon. The consultant will conduct an evaluation of the Company's electric distribution system and provide recommendations for improvement. During this process, the Company will provide periodic reports on the consultant's findings to the Commission.

Q. After the storms and resulting outages experienced in 2006, there has been discussion of implementing required reporting of certain reliability standards. Does AmerenUE support this type of requirement?

A. As I stated earlier, improved transparency of our operations is a goal of the Company. Part of the process of improving the transparency of our operations is providing insight into the results of various reliability measures. These potential rules are part of the constructive dialogue that can occur between the Company and the Commission in the area of customer reliability. According, the Company supports reasonable rules, such as those proposed by Staff in Case No. EO-2007-0037. See *Staff Report*, Appendix F.

Q. Do you have any final thoughts for Commission consideration?

A. Yes. I want to emphasize that AmerenUE is eager to provide greater transparency in our operations to the Commission. While most of the programs we've proposed aren't completely new, our renewed emphasis and focus on this area is something

we want the Commission to witness as it happens. Unfortunately, there is no simple answer to reliability issues. Reliability improvement is an on-going and constantly evolving process. AmerenUE has taken steps to begin the implementation of many of the programs I have discussed and the Company continues evaluate additional programs as part of that evolving process. Improving the transparency of the Company's efforts will result in the Commission having a better understanding of how AmerenUE operates. AmerenUE believes this will work to everyone's advantage.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.	)))))	Case No. ER-2007-0002

AFFIDAVIT OF RONALD C. ZDELLAR

STATE OF MISSOURI)
) **ss**
CITY OF ST. LOUIS)

Ronald C. Zdellar being first duly sworn on his oath, states:

1. My name is Ronald C. Zdellar. I work in St. Louis, Missouri and I am employed by Ameren Services Company as Vice President of Energy Delivery and Distribution Services.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 9 pages, which has been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Ronald C. Zdellar

Subscribed and sworn to before me this 27th day of February, 2007.

Notary Public

My commission expires: May 19, 2008

CAROLYN J. WOODSTOCK
Notary Public - Notary Seal
STATE OF MISSOURI
Franklin County
My Commission Expires: May 19, 2008