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atlantic city electric℠
AN EXELON COMPANY

February 24, 2023

VIA ELECTRONIC MAIL
carmen.diaz@bpu.nj.gov
board.secretary@bpu.nj.gov

Carmen D. Diaz
Acting Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: Semi-Annual Spend Report on Atlantic City Electric Company's Vegetation Management Program

In the Matter of the Petition of Atlantic City Electric Company for Approval of Amendments to Its Tariff to Provide for an Increase in Rates and Charges for Electric Service Pursuant to *N.J.S.A.* 48:2-21 and *N.J.S.A.* 48:2-21.1, and for Other Appropriate Relief (12/2020)
BPU Docket No. ER20120746

Dear Acting Secretary Diaz:

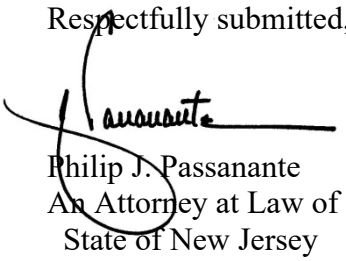
The undersigned represents Atlantic City Electric Company ("ACE") in connection with the above captioned matter.

In compliance with Paragraph 20 on page 7 of the Decision and Order Adopting Initial Decision and Stipulation of Settlement, dated July 14, 2021 (the "Order") (adopting Paragraph 20 on page 11 of the Stipulation of Settlement), attached is ACE's Semi-Annual Vegetation Management Spend Report detailing costs (budgeted versus actual) for the six-month period ending December 31, 2022 (the "Report"). As required in the Order, the Report includes "the total miles trimmed (planned versus actual), tree removals conducted (planned versus actual), and explanations for any cost increases or budget overruns exceeding ten (10) percent."

Consistent with the Order issued by the New Jersey Board of Public Utilities (the "Board" or "BPU") in connection with *In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations,* BPU Docket No. EO20030254, Order dated March 19, 2020, these documents are being electronically filed with the Acting Secretary of the Board, the Division of Law, and the New Jersey Division of Rate Counsel. No paper copies will follow.

Feel free to contact the undersigned with any questions.

Respectfully submitted,



Philip J. Passanante
An Attorney at Law of the
State of New Jersey

Enclosure

cc: Service List

2022 SEMI-ANNUAL SPEND REPORT OF THE VEGETATION MANAGEMENT PROGRAM

(July Through December 2022)

Filed by

ATLANTIC CITY ELECTRIC COMPANY

in Accordance with

the Stipulation of Settlement Executed in Connection With

BPU Docket No. ER20120746

Date of Report: February 24, 2023

atlantic city electric℠

AN EXELON COMPANY

2022 Vegetation Management Semi-Annual Spending Report Introduction

In accordance with the Stipulation of Settlement executed and adopted in connection with BPU Docket No. ER20120746, Atlantic City Electric Company ("ACE" or the "Company") submits its 2022 Semi-Annual Spend Report for Vegetation Management. This report covers the period from July 1, 2022 through (and including) December 31, 2022. The Company has experienced increases in the cost of its vegetation management program in recent years due to several factors. To better understand the reasons for these cost increases, ACE agreed to provide the New Jersey Board of Public Utilities (the "Board" or "BPU") and the New Jersey Division of Rate Counsel with a semi-annual report on the cost components incurred in the Company's vegetation management program in the prior six-month period, through the period ending December 31, 2024. The Company will also provide (1) the total miles trimmed (planned versus actual); (2) tree removals conducted (planned versus actual); and explanations for any cost increases or budget overruns exceeding 10 percent.

Vegetation Management Budget Forecast and 2022 Spend

The ACE Distribution Vegetation Management plan first focuses on vegetation areas that have historically caused issues in the Company's reliability performance; the schedule is front loaded to work on the feeders that have had poor vegetation reliability. Other feeders are then inspected by an independent planning contractor trained in utility arboriculture and tree risk assessment to develop a work plan for each feeder. When preparing future work, the team factors in such constraints as: the influx of people to resort areas during the summer seasons, easement rights, police flagging requirements, and contractor availability. Once vegetation work is completed by ACE's contractors, it is then inspected for adherence and work quality by the Company to ensure all work is in alignment with the annual plan.

Table 1 indicates the Vegetation Management actual spend from January 1, 2022 through December 31, 2022 measured against the 2022 budget over the same period. Spending variances are also provided.

Table 1

	2022 Budget vs. Actuals		
	Jan. - Dec. Budget	**Jan. - Dec. Actual**	**% of Budget Variance**
Operations & Maintenance ("O&M") Vegetation Management	$30.4	$27.5	-16%

Variance Explanation:

Vegetation Management underspent the 2022 budget due to a lower volume of work being required in order to meet all applicable BPU regulations and standards.

Table 2 indicates the Vegetation Management actual spend from July 1, 2022 through December 31, 2022 measured against the 2022 budget over the same period. Spending variances are also provided.

Table 2

	2022 Budget vs. Actuals		
	July - Dec. Budget	**July – Dec. Actual**	**% of Budget Variance**
O&M Vegetation Management	$15.2	$10.7	-30%

Variance Explanation:

Vegetation Management was below budget for the second half of the year, with spending 30 percent lower than budget due to a lower volume of work being identified to meet all applicable BPU regulations and standards.

Table 3 indicates the Vegetation Management cost breakdown from July 1, 2022 through December 31, 2022.

Table 3

Actual Cost Breakdown	
Preventative/Corrective Maintenance	$9,453,805
Police Flagging	$908,477
Non-Declared Storm	$58,104
Internal Crews	$220,143
TOTAL COST	**$10,640,529**

Total Mileage Trimmed

From July 2022 through December 2022, the Company completed 753 miles out of a targeted 850 miles. From January 1, 2022 through December 31st, 2022, 1,819 miles were trimmed out of a targeted 1,819 miles.

Variance Explanation:

Vegetation Management completed fewer miles than anticipated during the second half of the year, but the target total miles trimmed for 2022 were met and the target goal was completed.

Tree Removals

From July 2022 through December 2022, the Company completed 1,455 removals out of 1,455 removals.

Variance Explanation:

Vegetation Management completed all scheduled tree removals during the second half of the year.

I/M/O the Petition of Atlantic City Electric Company for Approval of Amendments to Its Tariff to Provide for an Increase in Rates and Charges for Electric Service Pursuant to *N.J.S.A.* 48:2-21 and *N.J.S.A.* 48:2-21.1, and for Other Appropriate Relief (12/2020)
BPU Docket No. ER20120746

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♦ – Does **Not** Receive Discovery Requests or Responses