



Cost Containment Status and Next Steps

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Anticipated Schedule for FERC 1000 Cost Containment Framework

Reliability Window (60 days)

Market Efficiency Window (120 days)

Reliability Window (60 days)

Reliability Window (60 days)

ME Window

2018

2019

2020

Develop initial Construction Cost Comparative Framework by 9/1/2019

Implement initial Framework by 1/1/2020

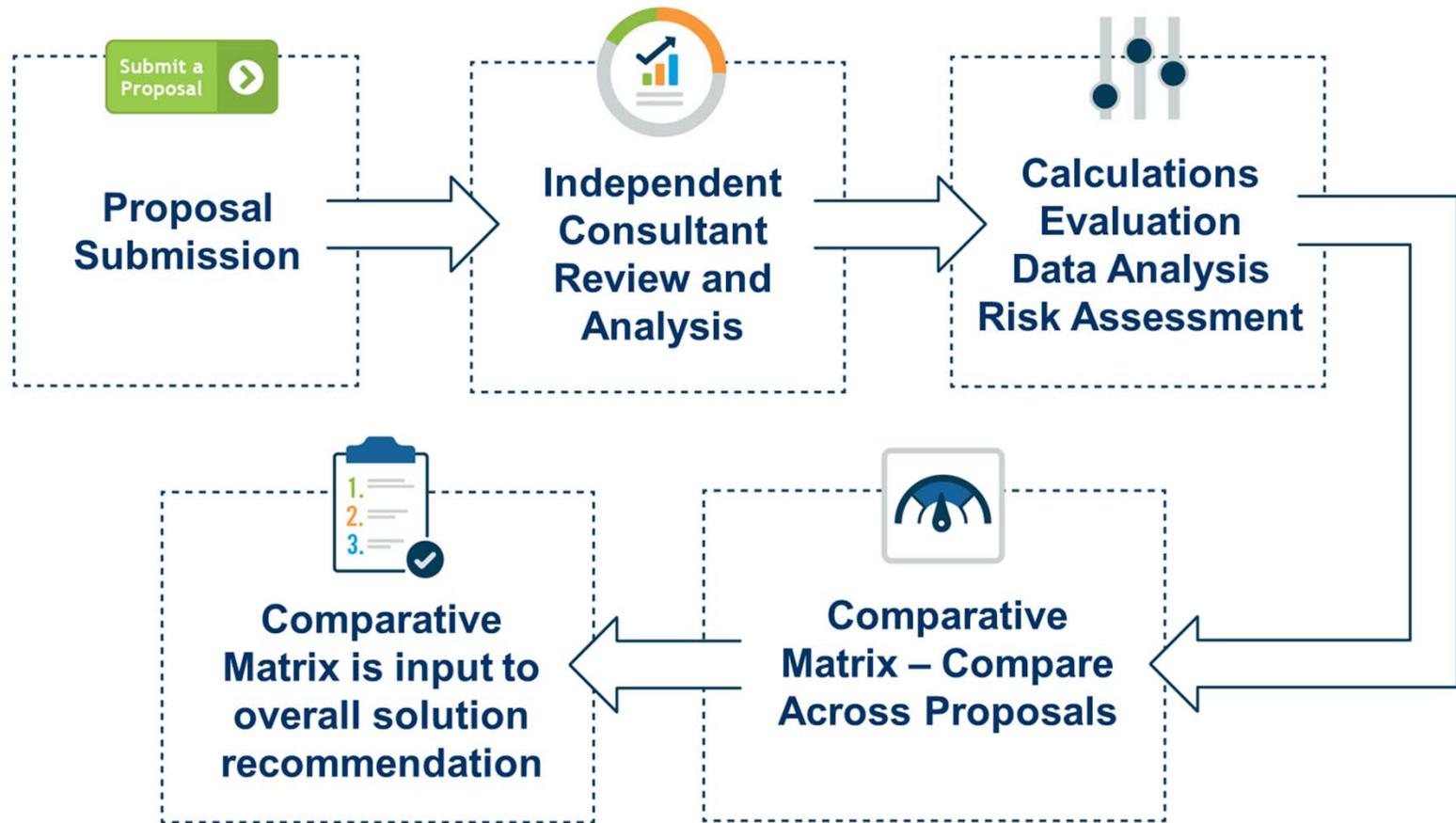
Continue Development of additional ROE Framework

Implement additional ROE Framework by 5/1/2020

Dec 2019 Vote
MRC

May 2020 Vote
MRC

Major Components of Cost Containment Evaluation



STATUS



Process under active development

- PJM & IMM
- Completed PJM / IMM / Consultant conference November 2018



Independent Consultant Review and Analysis



**Calculations
Evaluation
Data Analysis
Risk Assessment**



Comparative Framework – Analytical Steps

**Constructability
Analysis**

**Financial
Analysis**

**Legal
Analysis**

- **Constructability Analysis**
 - Determine a cost estimate and schedule
 - Identify project specific risk factors
 - Determines relative likelihood for identified project specific risk factors

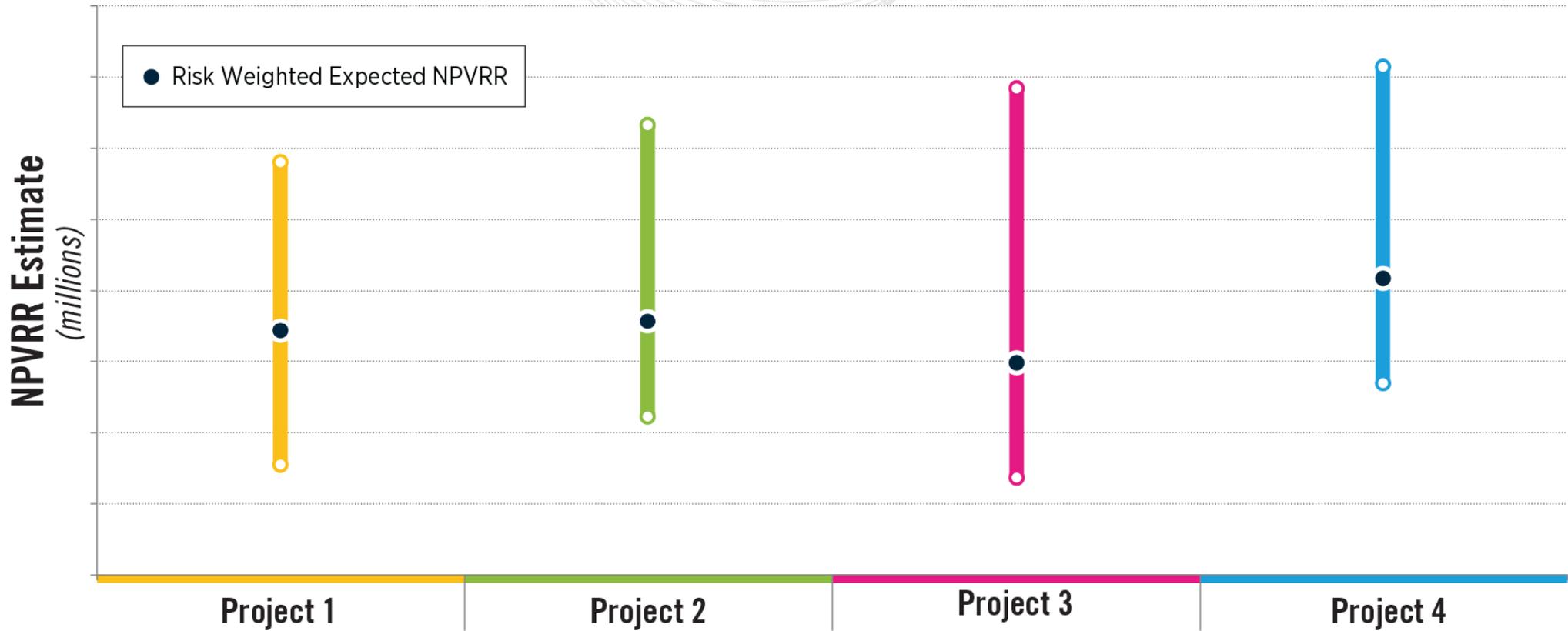


Comparative Framework – Analytical Steps

- Legal Analysis
 - Evaluate the cost containment legal language
- Financial Analysis
 - Develop base revenue requirement analysis case
 - Normalization
 - Base case
 - Determine scenarios to evaluate performance

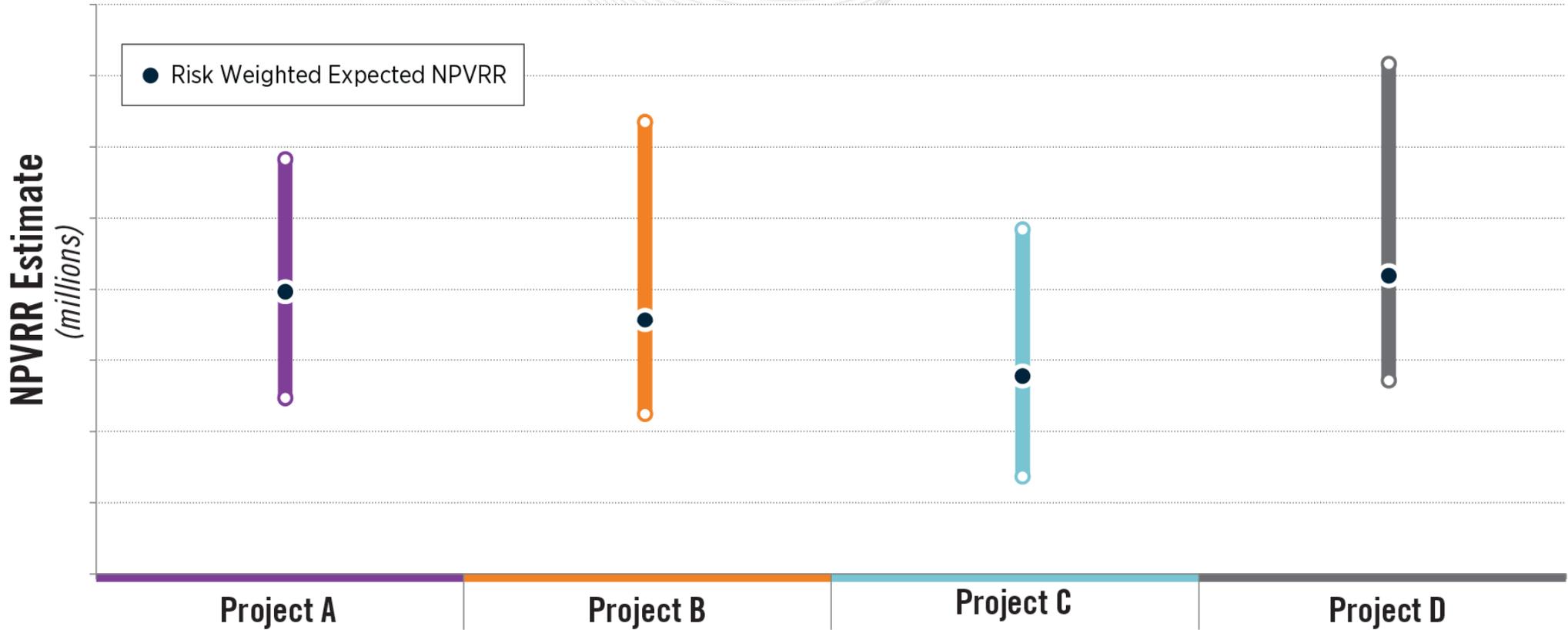


Project Net Present Value Revenue Requirement Estimates Without Cost Containment





Project Net Present Value Revenue Requirement Estimates With Cost Containment



- Continue coordination with the IMM
- Continue framework development
- Update Planning Committee