Cost Containment Status and Next Steps

Mark Sims
Manager, Infrastructure Coordination
July 12, 2018
Cost Containment – Past Milestones

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tr>
<td>May 24, 2017:</td>
<td>• PC - Cost Containment special sessions started</td>
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<td>January 25, 2018:</td>
<td>• MRC - main motion (PJM) fails vote. Alternate motion (LS Power) moved and seconded.</td>
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<td>May 3, 2018:</td>
<td>• PC - informational votes on PJM packages and a recommendation to the MRC to defer for more time to allow additional consideration.</td>
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<td>May 24, 2018:</td>
<td>• MRC - LS Power proposal with AMP friendly amendment endorsed</td>
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<td>• PC - status update including a review of the proposal templates with implementation planned for the 2018 window.</td>
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<td>June 18, 2018:</td>
<td>• Initial Comparative Framework kickoff meeting with IMM and PJM Planning.</td>
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<td>June 21, 2018:</td>
<td>• MRC - Proposed OA revisions endorsed</td>
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Cost Containment – Anticipated Milestones

July 12, 2018:
PC
• Provide update to the PC on the IMM/PJM comparative framework effort
• Timeline update
• Status update
• First read of Manual 14F language for the PJM project proposal submittal template

July 26, 2018
MRC
• First read of Manual 14F language for the PJM project proposal submittal template

August 9, 2018:
PC
• Provide a timeline and status update to the PC.
• Request endorsement of Manual 14F language for the PJM project proposal submittal template

August 23, 2018
MRC
• Endorsement of Manual 14F language for the PJM project proposal submittal template

September 1, 2018
IMM/PJM
• Collaboratively develop the initial Comparative Framework

December 6, 2018:
MRC
• Vote on Comparative Framework by December 6, 2018

2019 Initiatives
• Continue framework development with an ROE Comparative Framework that includes analysis of ROE and/or capital structure components
• IMM and PJM staff coordination
  – Recent meetings and collaboration
  – Education
  – Information Exchange
  – Comparative Framework Development
Manual 14F: Decisional Diagram
Comparative Framework Development

Qualitative and Quantitative Data
- Scope covered
- Legal language
- Financial
- Capital Expenditures
- Cap in Current and Future Year $’s
- Cap components (engineering, permitting, taxes, etc.)
- Risk
Next Steps

• Continue comparative framework development coordination between IMM and PJM staff

• Anticipate monthly PC updates

• Move forward with Manual 14F reviews