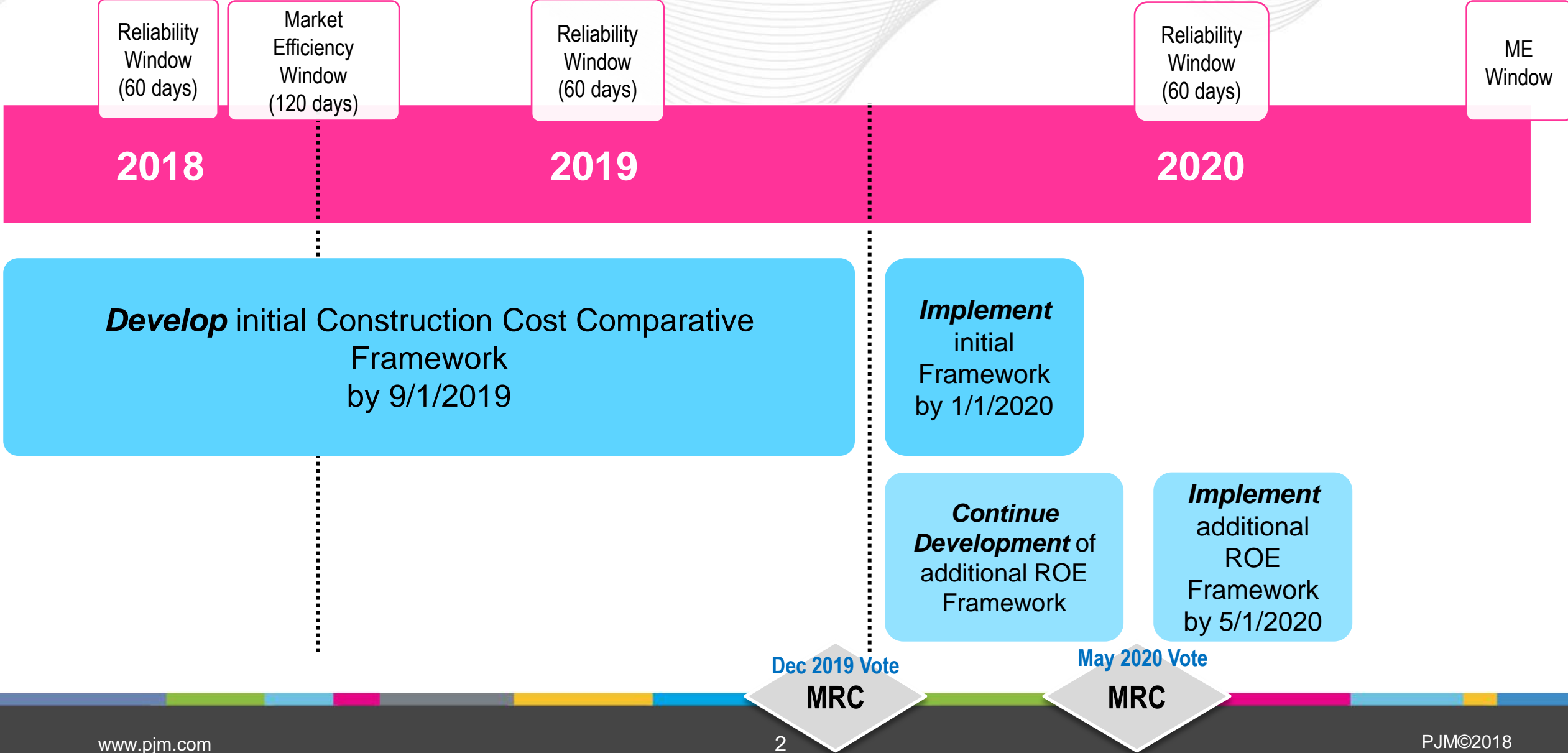


# Cost Containment Status and Next Steps

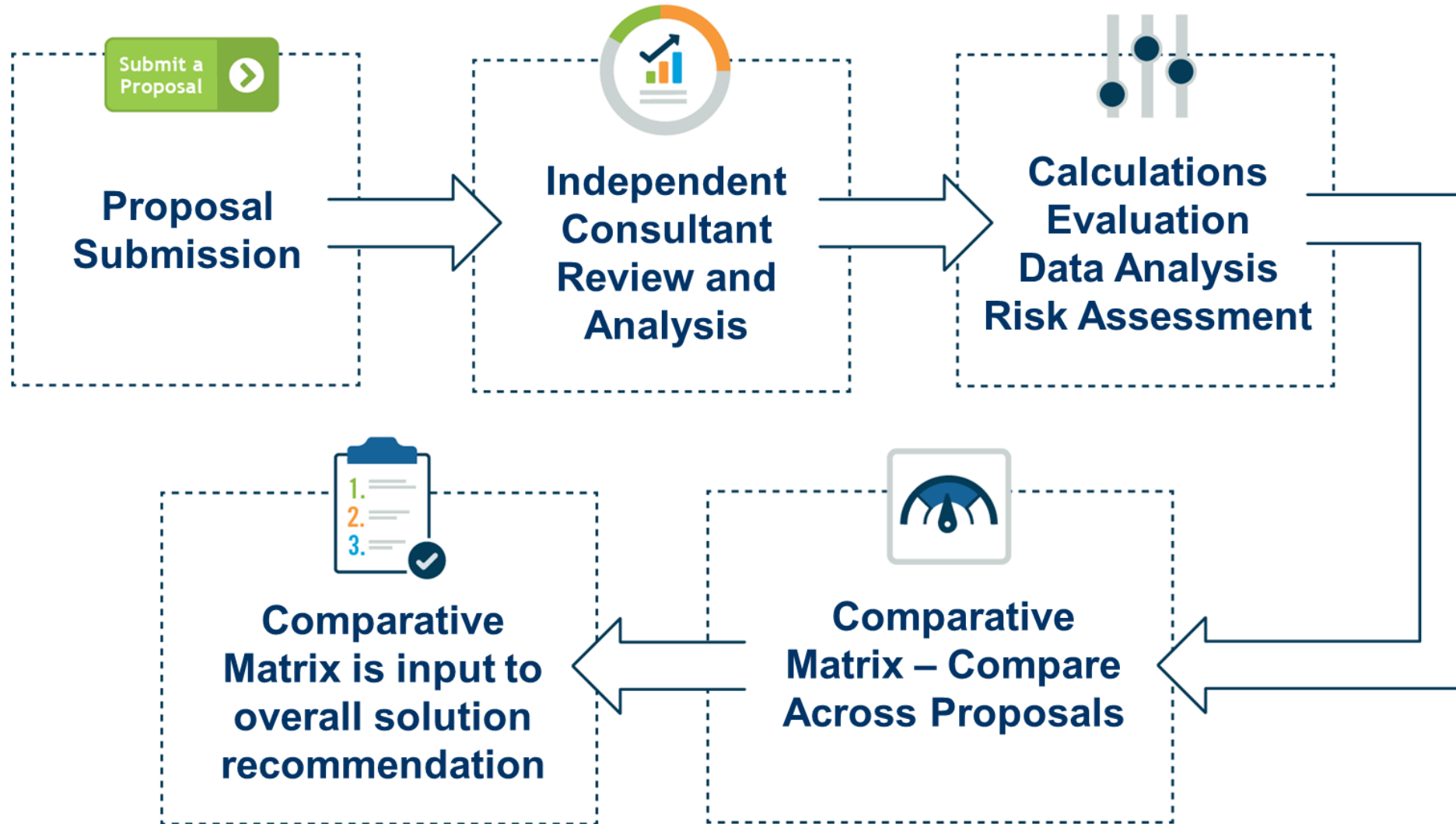
Mark Sims  
Manager, Infrastructure Coordination  
Planning Committee  
December 13, 2018



# Anticipated Schedule for FERC 1000 Cost Containment Framework



# Major Components of Cost Containment Evaluation



- The overall comparative framework effort is broken down into components
- See the next slides for individual component status and progress



## STATUS



Process complete and in place

Provides the key input parameters used for the next steps in the overall evaluation



**Proposal Submission**

## STATUS

 Process under active development

- PJM & IMM
- Completed PJM / IMM / Consultant conference on Nov. 15, 2018



**Independent  
Consultant  
Review and  
Analysis**



**Calculations  
Evaluation  
Data Analysis  
Risk Assessment**

- Review of primary cost categories
- Components of a cost proposal
- Overview of customer revenue requirements
- Challenges in comparative analysis
  - Wide range of construction and O&M cost estimates
  - Ownership structures
  - Inconsistent assumptions on common variables
  - Many forms of cost caps and containment

- Potential approaches to comparative analysis
  - Data validation and normalization
  - Base net present value revenue requirement
  - Consider scenario analysis
  - Tradeoff analysis
- Quality of cost estimates
  - Levels of completeness and specificity
- Development of comparative framework and presentation of data



## STATUS



Scoping Phase

Initial work beginning in parallel with the other steps to ensure compatibility and integration with the overall RTEP decisional process



**Comparative Matrix – Compare Across Proposals**



**Comparative Matrix is input to overall solution recommendation**

- Integrate and refine technical concepts into PJM compatible procedures & processes
- Continue to coordinate with the PJM IMM
- Continue to update the Planning Committee