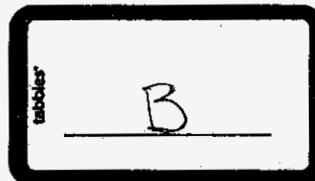


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11NC-OPCPOD4-21-000001
Through
11NC-OPCPOD4-21-000004

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DOCUMENT NUMBER-DATE
04347 JUN 23 =
FPSC-COMMISSION CLERK

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DOCUMENT NUMBER-DATE

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11NC-OPCPOD4-21-000058

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11NC-OPCPOD4-21-000081

11NC-OPCPOD4-21-000082
Through
11NC-OPCPOD4-21-000087

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11NC-OPCPOD4-21-000096
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11NC-OPCPOD4-21-000097

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11NC-OPCPOD4-21-000100
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11NC-OPCPOD4-21-000358

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guidelines for the classification of a total project cost estimate. In fact, the AACE document specifically states that "it is intended to provide a guideline, not a standard." As a result, the AACE classification does not define the accuracy range for the LNP total project cost estimate. A review of the primary and secondary characteristics, project data, and engineering data that underscore the AACE estimate classification, when applied to the LNP, demonstrates that the LNP cannot be neatly categorized in any one particular AACE estimate classification. Rather, the LNP is beyond the level of project definition for a Class 5/Class 4 estimate, and contains secondary characteristics, project data, and engineering data that are well-defined to the Class 3 or Class 2 estimate classification level. This was explained in detail in the deposition of Mr. Elnitsky introduced in evidence in Docket No. 100009-EI. As Mr. Elnitsky explained there, these characteristics and the project and engineering data for the LNP, together with the existing terms and conditions of the EPC agreement, as amended, and the bottoms up, line-by-line estimate for the LNP, placed the LNP total project cost estimate (with a range up or down of [REDACTED] in the accuracy range associated with a Class 3 estimate under the AACE document. The reason for the reference to a Class 5/Class 4 estimate in connection with the LNP total project cost estimate is the years to project completion on the current project schedule, as Mr. Elnitsky further explained in his deposition in Docket No. 100009-EI. As a result, the AACE document is merely a guideline for a frame of reference for the LNP total project cost estimate. It does not define the level of accuracy of that estimate. PEF's confidence in the level of accuracy for the LNP total project cost estimate is expressed in the LNP total project estimate itself.

37. Please refer to page 26, lines 20-23. Has PEF performed risk analyses including enterprise risks using a risk analysis program such as Oracle's "Crystal Ball" or other similar risk analysis methodology? If so, please describe the results of these analyses. If not, why not?

RESPONSE:

Subject to PEF's general and specific objections filed on May 31, 2011, incorporated herein by reference, and without waiving same, PEF responds, no. The Oracle Crystal Ball risk analysis program referenced by OPC in interrogatory number 37 requires input data in Excel and if the input data cannot be modeled in Excel then it cannot be simulated in the risk analysis program. As explained in Mr. Elnitsky's testimony at page 26, lines 17-24 and page 27, lines 1-4, the effects of most enterprise risks cannot be quantified or measured in mathematical terms, required by the Excel input data, and therefore a risk analysis program like the Oracle Crystal Ball cannot be used to predict enterprise risks or weigh one enterprise risk against another enterprise risk. Rather, as explained in Mr. Elnitsky's testimony, the Company must evaluate enterprise risks holistically by identifying events or

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Also marked as

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