

From: [Morrow, William E](#)
To: [Kleczyński, John D](#)
Subject: FW: Model Reconciliation
Date: Tuesday, March 10, 2015 12:38:15 PM
Attachments: [recon.pptx](#)

From: Morrow, William E
Sent: Monday, March 09, 2015 1:49 PM
To: 'Borgard, Lawrence T'
Subject: FW: Model Reconciliation

Larry,

Attached and below is the material I was mentioning this morning. It is a component of a much larger effort to build a proper model for AMRP that includes simulation, updated unit costs and quantities, external changes from CDOT, labor constraints, and PMO/inspection costs.

In the middle row of the table, if we adjust the 2010 Jacobs estimate with the appropriate assumptions the total equates to the company estimate used in the QIP legislative efforts.

Bill

From: Van Overberghe, Ken
Sent: Monday, March 09, 2015 12:20 PM
To: Morrow, William E
Subject: RE: Model Reconciliation

Bill,

The info below incorporates the latest revisions to the estimate. As per our last conversation, this reflects a 2Q29 completion, so when we shift to an 80% probability, we can achieve a 4Q30 finish as outlined in testimony. The 2010 / 2012 / 2015 are within 3.5% of each other, apples to apples, which over a five year span is very good. The delta is primarily permit openings and add'l meters (inactive). Mark has not signed off on estimate yet, but it is getting close. A summary of changes from January presentation include

- Estimate reduction for increased percentage of direct bore (60% 2-4", 20% 6-8")
- Estimate reduction for adjusted intersection restoration pricing to reflect 2014 actuals
- Estimate reduction for adjusted soft cost percentage
- Estimate reduction for increase in % of pipe insertion
- Estimate increase for Steel v plastic 18" pipe
- Plus some other minor adjustments

Slide is included as well....

Let me know if you need anything else

This does not include Monte Carlo and recommended contingency.

Estimate Year	2010	2012	2015
Estimate Basis	Quantities: By PGL	2010 Qtys	By PGL ^a
	Unit Rates: By PGL	PTD ^b	PTD ^b
Program Estimate	\$2,490.0	\$4,475.0	\$4,585.0
Escalation (Discount) to 2012	\$310.0	(inc)	-\$340.0
Means/Methods Adjustment	\$530.0	(inc)	(inc)
Scope Increase (CDOT Rev 1)	\$380.0	(inc)	\$380.0
Scope Increase (Professional Services)	<u>\$765.0</u>	<u>(inc)</u>	<u>(inc)</u>
Program Estimate - 2012 Basis	\$4,475.0	\$4,475.0	\$4,625.0
Scope Increase (400 miles, inactive meters)			\$460.0
Scope Increase (CDOT Rev 2)			\$1,185.0
Escalation to 2029			<u>\$1,770.0</u>
Program Total Installed Cost			\$8,040.0

a - Quantity changes from 2012 to 2015 reflected in Scope Increase (400 miles, inactive meters) line

b - Program To Date

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From: Morrow, William E
Sent: Monday, March 09, 2015 10:47 AM
To: Van Overberghe, Ken
Subject: Model Reconciliation

Ken,

Do you have the 1 slide that reconciles the 2009 AMRP estimate of \$2.5B with the current day estimate updated for the correct assumptions and put in current dollars? As I recall the slide (which you presented a few weeks ago) had about 10 items that when added to the \$2.5 estimate brought the current day in line with what was shared in 2013.

Send if you have it or call if you have any questions.

Bill

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North Shore Gas, Peoples Gas, and Wisconsin Public Service.*

PGL Capital Construction Program

Estimate Year		2010	2012	2015
Estimate Basis	Quantities:	By PGL	2010 Qtys	By PGL ^a
	Unit Rates:	By PGL	PTD ^b	PTD ^b
Program Estimate		\$2,490.0	\$4,475.0	\$4,585.0
Escalation (Discount) to 2012		\$310.0	(inc)	-\$340.0
Means/Methods Adjustment		\$530.0	(inc)	(inc)
Scope Increase (CDOT Rev 1)		\$380.0	(inc)	\$380.0
Scope Increase (Professional Services)		<u>\$765.0</u>	<u>(inc)</u>	<u>(inc)</u>
Program Estimate - 2012 Basis		\$4,475.0	\$4,475.0	\$4,625.0
Scope Increase (400 miles, inactive meters)				\$460.0
Scope Increase (CDOT Rev 2)				\$1,185.0
Escalation to 2030				<u>\$1,770.0</u>
Program Total Installed Cost				\$8,040.0

a - Quantity changes from 2012 to 2015 reflected in Scope Increase (400 miles, inactive meters) line

b - Program To Date