

1    **Q.     2012 Capital Plan**

2           On p. B2 of the 2012 Capital Plan accuracy levels are stated ranging from 10% to  
3           50%. Please explain the basis for these levels and how they were determined.

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6    **A.**     As noted in the revised application filed September 15, 2011, the accuracy range is  
7           from 20% to 50%. The accuracy levels used are consistent with the Association for  
8           the Advancement of Cost Engineering (AACE) estimate classification system. The  
9           estimate accuracy level for 2012 is consistent with that expected for AACE Class 3  
10          estimates. Estimate accuracy levels for the period 2013 to 2016 are consistent with  
11          those expected for AACE Class 5 estimates. For the years beyond 2016, the  
12          accuracy levels are 50% to order of magnitude, which falls outside the AACE  
13          estimate classification system. A description of the AACE estimate classification  
14          system is provided in the table below.

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16          AACE Estimate Classification - Ref. AACE International Recommended Practice No.  
17          17R-97, "Cost Estimate Classification System"

Estimate Class	Level of Proj. Definition	End Usage	Methodology	Expected Accuracy Range
5	0 – 2%	Screening/Feasibility	Stochastic/ Judgment	Best Case +40% to -20%
4	1% - 15%	Concept Study	Primarily Stochastic	Best Case +30% to -15%
3	10% - 40%	Budget/Authorization	Mixed/Primarily Stochastic	Best Case +20% to -10%
2	30% - 70%	Control Bid/Tender	Primarily Deterministic	Best Case +10% to -5%
1	50% - 100%	Check Estimate	Deterministic	+10% to -5%