

Estimate Executive Summary

AEP Big Sandy Unit 2 WFGD Project BOP Estimate, March 2006

- This estimate represents an update to the +15/-5 % estimate issued in February, and fulfills the commitment of the Phase IIA cost estimate for the Big Sandy Unit 2 wet limestone FGD system project.
- The estimate includes all equipment, materials, and labor as identified in the Division of Work document established for the AEP Big Sandy FGD project dated August 3, 2005 (Revision 2), and incorporates a number of design/scope changes and estimate refinements as follows:
 - Removed all equipment, bulk material and labor escalation and project contingency per AEP. AEP is including all project contingency and escalation in the Owner's estimate.
 - Reduced main transformer MVA to account for the reduction in capacity for a single unit FGD and updated electrical equipment pricing per vendor quotations.
 - Removed byproduct conveying equipment from estimate to concur with the design of slurrying all byproduct to the storage pond.
 - Refined piping quantities to reflect a reduction of approximately 27,000 LF of new and relocated piping.
 - Removed the material supply cost for the SO₃ TRONA system per AEP. AEP is including the material supply costs with the Owner's estimate.
 - Removed the DCS & CEMS system costs per AEP. AEP is including the DCS & CEMS system costs with the Owner's estimate.
 - Reduced engineering and construction management costs; removed start-up incidentals which are to be included by AEP.
- The estimate is considered to be +15/-5% and should have a relatively low risk overall. Potential pricing impacts include:
 - Coal system costs until scope is further defined and budgetary vendor pricing is solicited.
 - Cost for the buildings and warehouses contingent upon AEP determination of the final size and layout.
 - Steel pricing – potential to impact all steel commodities
 - Potential escalation impacts of unique market conditions caused by recent natural disasters and the associated demands of rebuilding
 - Potential schedule impact related to Owner directed scope change and design change issues.
 - Potential reductions may be realized if scope is further reduced or favorable pricing occurs on the commodities market, especially with regard to steel and copper.

- Both the redundancy and layout requirements contribute to the variance in quantities of bulk commodities as compared to other similar size plants. Comparison data for AEP Mitchell has been taken/extrapolated from the monthly report forecast values as well as the latest data from the January 2006 Muskingum River Unit 5 estimate.

		Mitchell 1&2 FGD & SCR 2 x 800 MW	MR5 FGD 1 x 600 MW (January '06)	Big Sandy 2 FGD 1 x 600 MW (February '06)	Big Sandy 2 FGD 1 x 600 MW (March '06)
concrete	Cy	39,000	26,000	32,700	32,600
piles	Lf	0	45,000	161,500	156,600
structural steel	tn	4,260	3,050	3,850	3,840
duct steel	tn	2500	650	2100	2100
pipe	Lf	65,600	114,400	96,700	70,000
cable	Lf	1,100,000	793,400	479,800	473,200
conduit (A/G)	Lf	32,600	96,300	107,200	104,600
cable tray	Lf	40,000	10,600	10,200	10,200