

**Management of Gas Capital Projects**

VERSION 1.0

Approval: Date:

ENGINEERING SERVICES

Responsible Department

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# PURPOSE

This document provides a standard guideline that establishes the expectations and responsibility for managing gas capital projects for Transmission Operations, and Distribution Operations for TECO Peoples Gas (TECO). The guideline is intended to provide project managers with the expectations for managing a gas capital project through its lifecycle including through the phases of initiation, planning, execution, monitoring and control, and closeout. The guideline is to be used in concert with TECO policies and procedures and in accordance with the standards set by the Project Management Institute.

The guidelines are intended to establish the standard for which all projects are managed to drive superior results and outcomes. Successful outcomes expected from the use of these guidelines include:

* Managing projects consistent with TECO’s goals, objectives, missions, and principles related to:
	+ Safety, Health, and the Environment
	+ Pipeline Safety and Compliance
	+ Reliability and Growth
	+ Customers
	+ Asset and Integrity Management
	+ Return on Investment
* Meeting project scope, schedule, and budget.
* Achieving project specific goals.

# APPLICATION

These guidelines are applicable to all gas transmission and distribution capital projects. Guidelines and requirements differ according to the estimated total cost of the project. Refer to section 6 for all transmission projects and distribution projects with an estimated total cost greater than $1,500,000. Refer to section 7 for distribution projects less than $1,500,000.

# REFERENCES

The following references are linked to procedures, forms, templates, and other relevant sample documents used when managing gas capital projects.

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| **Procedures/References** |
| # | Name | Phase | Description |
| 1 | Cost Estimating Procedure | Multiple | Procedure detailing guidance and requirements for development of cost estimates for transmission capital projects. |
| 2 | Project Forecasting Procedure | Multiple | Procedure detailing guidance and requirements for cost analysis and forecasting. |
| 3 | Project Gating Procedure | Multiple | Procedure detailing the various phases in the project gating process. |
| 4 | Responsibility Assignment Matrix | Multiple | Matrix listing the responsible, accountable, consulted, and informed groups for each work task related to capital transmission projects. |
| 5 | Task and Handoff Flowchart Transmission | Multiple | Flowchart providing sequential guidance on work tasks related to capital transmission projects. |
| 7 | Task and Handoff Flowchart Distribution | Multiple | Flowchart providing sequential guidance on work tasks related to capital distribution projects. |
| 8 | Project Charter (Sample) | Planning | Sample document that authorizes the existence of a project, including project boundaries, estimate and preliminary schedule. |
| 9 | TECO-CCR-POL-10-7 TECO Disbursements Policy | Planning | Policy describing the project funding and authority limits for projects. |
| 10 | TECO-LEG-PRO-0.21-1 | Multiple | Policy describing approval and final signing authority for change orders. |
| 11 | TECO-LEG-POL-02-6 | Multiple | Policy describing the approval and final singing authority for blanket capital project work orders. |

| **Forms/Templates** |
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| # | Name | Projects > 1.5M | Projects between 500k and 1.5M | Phase | Description |
| 1 | Capital Funding Project Form | **Required** | **Required** | Initiation | Form used to initiate capital project funding. |
| 2 | Communication Plan Template | Recommended | Recommended | Planning | Plan documenting the internal and external communication requirements for the project. |
| 3 | Integration Plan Template | Recommended | Recommended | Planning | Plan detailing the strategic process of integration and providing understanding of the operational, construction, and effects of the changes to each affected stakeholder. |
| 4 | Location to store Project Charter - Distribution | **Required** | Recommended | Planning | TECO internal site location to store distribution project charters. |
| 5 | Location to store Project Charter - Transmission | **Required** | Recommended | Planning | TECO internal site location to store transmission project charters. |
| 6 | Procurement Plan Template | Recommended | Recommended | Planning | Plan detailing the material requirements for the project including details on manufacturer, delivery, receipt, etc. |
| 7 | Project Charter Form | **Required** | Recommended | Planning | Form that authorizes the existence of a project, includes project boundaries, estimate and preliminary schedule. |
| 8 | Project Estimate Sheet | **Required** | Recommended | Planning | Document used by Engineering when developing Cost Estimate. |
| 9 | Project Execution Plan | Recommended | Recommended | Planning | Plan detailing the project’s objective, background, scope of work, schedule, cost, affected stakeholders, etc. This Plan also references other applicable plans for the project, including communications, integration, procurement, quality management, and risk management plans. |
| 10 | Project Team Roster Form | Recommended | Recommended | Planning | Form documenting the members of the Project Team including all affected stakeholders. |
| 11 | Quality Management Plan Template | Recommended | Recommended | Planning | Plan documenting the necessary information required to effectively manage project quality from project planning to closeout. |
| 12 | Risk Management Plan Template | Recommended | Recommended | Planning | Plan documenting the risk assessment, quantitative/qualitative analysis, tolerance, and mitigation considerations/responses. |
| 13 | Project Schedule Template | **Required** | Recommended | Planning | Document listing the schedule of the project. |
| 14 | Monthly Milestones Report | **Required** | Recommended | Planning | Document listing the monthly milestones of the project in alignment with the Project Schedule. |
| 15 | Bid Package Guidance | Recommended | Recommended | Execution | Document providing guidance on developing bid packages for construction and contractor resources. |
| 16 | Construction RFP Bidder List Request Form | **Required** | Recommended | Execution | Form used to develop bidder list requests. |
| 17 | Engineering Scope of Work Template | **Required** | Recommended | Execution | Document defining Engineering deliverables for the project. |
| 18 | Procurement Contract Request Form | **Required** | Recommended | Execution | Form used to document the procurement contract to prepare the request for proposal. |
| 19 | Scope of Work Document | **Required** | Recommended | Execution | Document listing the scope of work (RFP Section II, Exhibit C) |
| 20 | Agreement Change Notice | **Required** | **Required** | Monitoring/ Controlling | Change order document submitted due to changes/deviations in budget. |
| 21 | Meeting Agenda Form | **Required** | **Required** | Monitoring/ Controlling | Form used to document Project Team discussions including agenda items, high level milestones, duration, notes, and an action item log with responsible parties and target dates for completion. |
| 22 | Meeting Minutes Template | **Required** | **Required** | Monitoring/ Controlling | Form used to document discussion during meetings including key action items, responsible parties, notes, etc. |
| 23 | Monthly Meeting Agenda Template | **Required** | **Required** | Monitoring/ Controlling | Form used to document Project Team meeting agenda including agenda items, desired outcome, duration, notes, and decisions. |
| 24 | Monthly PowerPlan Forecasting guidelines | **Required** | **Required** | Monitoring/ Controlling | Document detailing guidelines on PowerPlan forecasting. |
| 25 | Monthly Update Template | **Required** | **Required** | Monitoring/ Controlling | Form used to document monthly project summary including key performance indicators and progress from each of the affected stakeholders. |
| 26 | Project Change Request Form | **Required** | **Required** | Monitoring/ Controlling | Form used to document changes to the scope, schedule, or cost to be submitted for approval. |
| 27 | Project Funding Change Request | **Required** | **Required** | Monitoring/ Controlling | Form used to request increases to project funding to be submitted for approval. |
| 28 | Scope Change Notice | **Required** | **Required** | Monitoring/ Controlling | Change order document submitted due to changes/deviations in scope. |
| 29 | Service Entry Sheet | **Required** | **Required** | Monitoring/ Controlling | Document prepared by management when vendor invoice is approved. |
| 30 | Action Items Log | Recommended | **Required** | Closeout | Log used to document resulting action items after the post construction project review. |
| 31 | Closing a Work Order Documentation | **Required** | Recommended | Closeout | Document providing guidance on closing a work order in PowerPlan. |
| 32 | Lessons Learned Template | **Required** | **Required** | Closeout | Template used to document lessons learned from the project. |
| 33 | Project Documentation Checklist | **Required** | **Required** | Closeout | Checklist used to ensure all necessary documentation has been received from the vendor. |
| 34 | PSSR Form | **Required** | Recommended | Closeout | Form used to document the Pre Startup Safety Review as assets are transferred to Operations. |

# GENERAL AND DEFINITIONS

## General

TECO’s project management guidelines for gas capital projects will:

* Ensure a standard approach to project management.
* Provide consistency to manage multiple projects in a similar and effective manner.
* Provide a simple, consistent, and transparent processes for project management.
* Define roles and responsibilities.
* Establish minimum requirements for deliverables.

## Definitions

**Communication Plan** – Plan documenting the internal and external communication requirements for the project.

**Cost Estimate** – Preliminary stage for any project, operation, or program wherein a reasonable calculation of all the project costs is done and, therefore, involves precise judgment, experience, and accuracy.

**Integration Plan** – Plan detailing the strategic process of integration and providing a general understanding of the operational, construction, and effects of the changes to each affected stakeholder.

**Preliminary Project Schedule** – Initial project schedule that breaks the project into relatively few broad activities, to provide essential information to those assembling the contractor's cost estimates.

**Procurement Plan** – Plan detailing the material requirements for the project including details on manufacturer, delivery, receipt, etc.

**Project** – A unique endeavor with clear-cut objectives (scope), a starting point, an ending point (schedule) and a budget.

**Project Charter** – A document that formally authorizes the existence of a project, includes project boundaries, estimate and preliminary schedule. This document as well as other engineering deliverables provides the Project Manager with the documentation to seek approval for the project and to coordinate the resources required for the project.

*Note: The Project Charter developed by the Project Manager should be based on the preliminary Project Charter developed by Business Development (BD).*

**Project Execution Plan** – Plan detailing the general information and definition for the project, including objective, background, scope of work, rationale, alternatives considered, assumptions, deliverables, etc. Additionally, this plan details the schedule, cost, project approach and roles, project requirements for all affected stakeholders, and engineering and construction contracts. This Plan also references other applicable plans for the project, including communications, integration, procurement, quality management, and risk management plans.

**Project Management** – is the practice of initiating, planning, executing, monitoring, controlling, and closing the work of a team to achieve specific goals and meet specific success criteria at the specified time.

**PowerPlan** – Project planning, management and tracking tool used during the life cycle of the project for planning, budgeting, and scheduling.

**Quality Management Plan** – Plan documenting the necessary information required to effectively manage project quality from project planning to closeout.

**Risk Management Plan** – Plan documenting the risk assessment, quantitative/qualitative analysis, tolerance, and mitigation considerations/responses.

**SAP** – System used for billing and invoice management.

**Scope of Work** – A full description of project specifics. Should be commensurate with the planning, phase, size, and complexity of the project and should be activity based to most practical extent.

# RESPONSIBILITIES

**Board of Directors (BOD)** – The team that approves all projects that are $10M or more Total Installed Cost (TIC).

**Capital Leadership Team (CLT)** – The team that approves all projects ranging from $5M -$10M Total Installed Cost (TIC).

**Engineering Lead (LE)** - Engineer, Gas Design Project Manager or Gas Design Technician is responsible for the Initiation, Planning and Coordination of all discipline specific engineering responsibilities and remains the technical expert for the duration of the Project.

**Executive Leadership Team (ELT)** – The team that approves all projects ranging from $2M -$5M Total Installed Cost (TIC).

**Project Controls Specialist** – The individual assigned to track/monitor cost and schedule activities. The Specialist monitors the cost and schedule performance and advises of variations and potential overruns.

**Project Manager (PM)** – The individual with the overall functional responsibility for the Execution (Transmission only), Monitoring and Controlling, and Close-out phases of Capital Projects over $1.5M (both Transmission and Distribution).

**Project Team** - The group of individuals specifically selected to support a project. The Project Team can consist of (but not limited to) PM, Construction Manager (CM), LE, environmental lead, real estate, procurement, etc.

# PROJECTS GREATER THAN $1.5 MILLION

## Initiation

Requests for a project feasibility, preliminary schedule and cost estimate will originate from a variety of sources including:

* BD for new customers or additional growth opportunities.
* System Planning for native growth and system reliability / maintenance projects included on the Integrated Resource Plan (IRP).
* Integrity Management for compliance, preventative or mitigative measures, and asset improvement in response to integrity assessment findings.
* Asset and facility relocations projects as a result of public improvements.

The project originator guides the project through the initial phases. Tasks in this phase include:

* Initiating new project requests (using BD Portal for certain Transmission projects and INFOR or SharePoint site for Distribution projects).
* Obtaining a high-level preliminary estimate from Engineering (Estimate Class 4 or 5).
* Refining estimate to Class 4 and obtaining financial approval from the Executive Leadership Team (ELT), Capital Leadership Team (CLT), and/or Board of Directors (BOD).
	+ Projects ranging from $2M to $5M require ELT approval.
	+ Projects ranging from $5M to $10M require ELT and CLT approval.
	+ Projects over $10M require ELT, CLT and BOD approval.
* Building a financial feasibility model.
* Drafting a preliminary project charter including preliminary scope, potential risks, and milestone schedule and cost estimate.

The PM will prepare and initiate project funding for review and approval.

* + - Project funding is initiated by completion of the Capital Funding Project Form.

Refer to:

* *Project Gating Section 5.0: Gate 1 – Conception/Initiation* for additional information on this phase.
* *Cost Estimating* for details and requirements on cost estimation for this phase including requirements for the Project Estimate Sheet (estimate levels 4 and 5).

## Planning

After preliminary scope and cost estimation have been approved by ELT, CLT, and/or BOD as required, project responsibility moves from the project initiator (e.g., BD, IRP, etc.) to the assigned PM.

The PM will execute the following process steps to manage the project through the planning phase.

* 1. Review preliminary project charter developed during the initiation phase to understand preliminary scope, potential risks, milestone schedule, and cost estimate to ensure a common understanding and continuity of the project into the design phase.
		1. Preliminary scope documentation for transmission projects can be found on the BD Portal (SharePoint site).
		2. Preliminary scope documentation for distribution projects can be found \_\_\_\_.
	2. Create a Project Execution Plan using the preliminary approved project charter as applicable.
	3. Coordinate with Business Planning to set up the project funding number in PowerPlan. Setting up the project in PowerPlan falls under the responsibility of Business Planning. Refer to *Project Gating Appendix B: Work Order Setup* for additional information and requirements on setting up the work order in PowerPlan.
	4. After the project funding number is generated, the PM is responsible for creating a Work Order number in PowerPlan that routes for approval through the system of record (PowerPlan or WAM), in accordance with the authority limits in the TECO Disbursements Policy (TECO-CRR-POL-10-7).
	5. Establish the Project Team including affected stakeholders such as, Land, System Planning, Business Development, Engineering Construction, Contract Management, Procurement, and Operations.
		1. Document the Project Team using the Project Team Roster Form.
	6. Explore project alternatives and evaluate potential scope additions with the Project Team to ensure the preliminary project scope is the correct scope to proceed with.
	7. Conduct a kick-off meeting (KOM) with affected stakeholders and Project Team. This ensures all affected stakeholders have a common understanding of the project scope and any changes that may have occurred from the preliminary scope. Additionally, this offers an opportunity for stakeholders to provide input on the refined scope, identification of any additional risks, issues with the milestone schedule, etc.
		1. Document discussion and decisions on Project Charter.
	8. After the KOM, develop or refine the project scope and expectations for each affected stakeholder.
		1. At this stage, the project scope, including assumptions, should be defined for the following stakeholders:
			+ Engineering
			+ Construction
			+ Real Estate/Land acquisition
			+ Permitting
			+ Procurement
			+ Other stakeholders where applicable
	9. Create and incorporate, where applicable, the following project specific plans after coordination with the Project Team:

**Note: The following plans are recommended for all applicable projects. However, for any project in excess of $50M, the completion of each plan is mandatory.**

* + 1. Quality Management Plan
		2. Integration Plan
		3. Procurement Plan
* Changes requested by the contractor should also be included in the Procurement Plan using the Project Change Request Form.
	+ 1. Communication Plan – including both internal and external communications
		2. Risk Management Plan – detailing possible risks, quantitative/qualitative analysis, mitigative efforts, and planned risk responses

Refer to the Project Schedule Template and the Monthly Milestone Report for additional guidance and information.

* 1. Develop a detailed milestone schedule. The following elements should be included in the schedule:
		1. Defined activities
		2. Estimated durations
		3. Sequence of work
	2. Coordinate with the following affected stakeholders as needed:
		1. Permitting for acquiring long lead permits.
		2. Procurement for ordering and receiving long lead materials.
		3. Real estate for acquiring easements and agreements.
	3. Develop the project cost forecast using the original estimate including costs related to engineering, materials, land, construction labor, other labor, and overheads.
		1. Cost estimate should be completed to an Estimating Class 3. Refer to *Cost Estimating Procedure* for details and requirements on cost estimation.
	4. Develop/refine the Project Charter and submit for approval to the Manager, Director, and Vice President.
		1. This is used throughout the project life cycle to track decisions made during the Initiation/Planning phases on scope, assumptions, alternatives, cost and risk information, scheduling, and other related information.
		2. Refer to *Project Gating Appendix B: Work Order Setup* for an example Project Charter Form.

**NOTE:** **Once the project has been approved, the project scope is frozen. Any further changes to scope will require justification and approval.**

For additional information and details around the steps included in the Gate 2 – Design phase, refer to *Project Gating Section 6.0: Gate 2 – Design.*

## Execution

During the execution phase all plans relevant to the project are being executed. PMs are responsible to ensure plans developed during the planning phase are executed to ensure completion of the project as designed and approved. The LE will be responsible for providing all required engineering deliverables. Engineering deliverables are defined in the Engineering Scope of Work template.

Responsibilities during this phase include the following:

* 1. If applicable, coordinate with Real Estate Services to ensure property has been acquired.
	2. Coordinate with Permitting to develop a permit matrix and ensure appropriate permits have been applied for and obtained.
	3. Coordinate with Engineering to execute the detailed design, including incorporating all changes based on deviations from the proposed route as a result of land and easements acquired during land acquisition.
	4. Review the refined cost estimate and update spending forecast each month.
		1. Project cost forecast should be completed to an Estimating Class 2 or 1. Refer to *Cost Estimating Procedure* for details and requirements on cost estimation.
		2. Forecast must be updated in PowerPlan. Refer to *Project Forecasting Procedure* for details and requirements on forecasting.

**Note: If the updated cost estimate exceeds the authorized spending limit, reauthorization is required.**

* 1. Ensure materials are ordered by Procurement in a timely fashion.
		1. Construction manager will follow up and coordinate the delivery and receipt of materials.

**Note: In some cases, long lead materials will need to be procured in the planning phase to ensure timely delivery to meet the construction deadlines.**

* 1. Ensure permits are received prior to the start of construction.
	2. Ensure all required notifications to agencies are completed prior to the start of construction.
	3. Ensure bid packages are issued, received, evaluated, and awarded for construction and contractor resources. The PM is responsible for:
		1. Completing the Construction RFP Bidder List Request form.
		2. Filling out the Procurement Contract Request Form to prepare the RFP
		3. Completing the Scope of Work document (RFP section II, exhibit C).
		4. Collaborating with Procurement Contract Manager to review, evaluate and provide a recommendation for the selected bidder.

Refer to Bid Package Guidance for additional information.

* 1. Ensure additional labor resources are acquired as necessary (e.g., inspection, x-ray, etc.) to support project execution.
	2. Coordinate and manage material delivery, contract operations, and construction operations.

**Note: This is the responsibility of the PM for gas transmission and applicable gas distribution projects, as defined in the Applicability section. The Construction Manager holds these responsibilities for all other distribution projects.**

For additional information and details around the steps included in the Execution phase, refer to *Project Gating Section 7.0: Project Gate Phase 3 - Execution.*

## Monitoring and Controlling

The purpose of monitoring and controlling a project throughout execution is to identify problems and risks, deploy mitigation strategies, to ensure that project is achieving its intended outcomes and being done so in accordance with TECO policies and procedures. Monitoring and controlling is a continual process throughout the project life cycle. PMs are responsible for monitoring and control of the project with support from the Project Control Specialist.

Responsibilities during monitoring and control include the following::

* 1. Schedule and hold meetings as necessary to ensure project goals are being met.
		1. Status meetings should be held with the Project Team in accordance with the Communications plan.
		2. Update meetings should be held with the Project Team to review milestones and KPIs as needed.

Refer to the Meeting Agenda Form, Meeting Minutes Template, Monthly Meeting Agenda Template, Monthly Update Template, and Monthly PowerPlan Forecasting guidelines.

* 1. Ensure stakeholders are appropriately informed of project status and necessary stakeholder involvement.
	2. Ensure project schedule is updated and changes are communicated to stakeholders.
	3. Manage changes to the project. Any changes to the scope, schedule or cost of the project must be documented through the Project Change Request Form and submitted for approval.
		1. A scope change notice (SCN) form is submitted for any scope changes that do not have a financial impact or the financial impacts are estimated and will not be fully realized until the associated work is complete.
		2. An agreement change notice (ACN) form is submitted once all costs associated with the change are realized. SCNs can be bypassed if financial impacts are firm prior to commencement of the associated work.
		3. All affected stakeholders should be informed of the increase approval requests and the circumstances surround the changes.
	4. Approve project invoices and back-up documentation as required.
		1. For transmission projects, this falls under the responsibility of the Project Manager
		2. For distribution projects, this falls under the responsibility of the Construction Project Manager.
		3. Ensure a Service Entry Sheet (SES) is prepared and released appropriately.
	5. Verify approved budget, actual spending and forecast are aligned.
		1. Analyze project costs monthly and update Business Planning forecasting monthly including variance explanations when required.
		2. Ensure the funding for the project is updated according to the project needs.
		3. Ensure forecast in PowerPlan is updated monthly.
		4. Meet with Project Team and review variances and provide explanations when required.
		5. If project funding needs to be increased, complete a Project Funding Change Request form, and submit for approval.

For additional information on project forecasting refer to *Project Forecasting Procedure.*

For additional information and details around monitoring and controlling activities, refer to *Project Gating Section 7.0: Project Gate Phase 3 - Execution.*

## Close-out

The PM is responsible to close-out the project with support of the Construction Manager and any other disciplines as needed.

* 1. Ensure construction activities are completed:
		1. Obtain as-builts, inspection and test records, and ensure they are consistent with the actual construction of the facilities. Refer to the Integrity Management Close-Out workflow for details.
		2. Coordinate and manage the return of materials, cleanup, and restoration of project sites. Surplus materials should be returned to the warehouses.
		3. Ensure transfer of control of assets is made to Operations and complete Pre-Startup Safety Review (PSSR) form.
		4. Complete the Project Documentation Checklist for distribution projects to ensure all documentation has been received and accepted by the appropriate responsible party.
	2. The PM is responsible for coordinating communication with the permitting agencies as required including any applicable notifications.
	3. Close the work order in PowerPlan in accordance with “Closing a Work Order Documentation” guidance document.
		1. Reconcile, report financials, and ensure work orders are closed as required.
	4. Evaluate the Total Installed Cost, update PowerPlan, and provide explanation for variance. Refer to *Project Forecasting Procedure* for additional information.
	5. Conduct a post-construction project review and ensure lessons learned are tracked on the Lessons Learned template, published, and any resulting actions are assigned to a responsible individual and tracked until completion using an Action Items Log as required.
	6. BD or IRP for Transmission/TPI for distribution is responsible for completing a Notice of In-Service.
	7. Business Planning is responsible for closing the project in PowerPlan.

For additional information and details around the steps included in the Gate 4 – Project closeout phase, refer to *Project Gating Section 8.0: Project Gate Phase 4 – Close out.*

# PROJECTS LESS THAN $1.5 MILLION

Although the process described in Section 6 for projects greater than $1.5 million does not apply to projects less than $1.5 million, it may be used for general guidance and reference in managing smaller-scale distribution projects, especially those that are non-standard. The goals and definitions identified in Section 4 herein still apply.

## Distribution Projects between $500,000 and $1,500,000

Distribution projects can be initiated by various entities, including TECO Partners, Business Development or Operations. The gas design technician (GDT) or gas design project manager (GDPM) oversees the design phase of the project from feasibility through issuance to construction, including developing the initial project schedule and initial estimate/budget. They are also responsible for initiating the funding project number request through Business Planning, creating the project charter, preparing, or overseeing the design package, and forecasting spend up until the project is ready to be issued to construction. Once issued to construction, the GDT/GDPM will act in an advisement capacity and the construction project manager will then oversee the construction phase of the project. The construction project manager will take over all budget updates, forecasting, communication, coordination, change order management and close-out activities at hand-off through project completion.

A specific funding project number will be requested to Business Planning by the GDT/GDPM for distribution projects between $500,000 and $1,500,000 via the Funding Project Request form. Once a specific funding project number is established, the GDT/GDPM will open a specific work order for main installation. Any associated services will be charged to the blanket work orders established for each division based on type (i.e., residential project, residential scattered, commercial/industrial project, commercial/industrial scattered).

## Distribution Projects $500,000 or less

Distribution projects can be initiated by various entities, including TECO Partners, Business Development or Operations. The GDT or GDPM oversees the design phase of the project from feasibility through issuance to construction. Once issued to construction, the GDT/GDPM will act in an advisement capacity and the construction coordinator will then oversee the construction phase of the project through gas-on-riser. Once gas is flowing to the riser, Operations is responsible for setting the meter and establishing the account.

Distribution projects less than $500,000 generally do not require specific funding project numbers. The GDT/GDPM will open a specific work order for main installation. Any associated services will be charged to the blanket work orders established for each division based on type (i.e., residential project, residential scattered, commercial/industrial project, commercial/industrial scattered).

## Blanket Capital Projects

Standard projects for which the scope of work is under $500,000 are considered blanket projects. Blanket project main installation must have an associated specific work order subsequent to a blanket funding project number for new revenue mains. Note that this blanket funding project number will be unique to each division. All service installations or removals within the scope of the project will be charged to a blanket work order also unique to the division in which the work is being performed.

Before a blanket project is approved and a work order created, it must go through the feasibility review process. The feasibility review determines the cost of the project and compares it to the internal rate of return (IRR). If the hurdle rate is not met through gas usage, an aid to construction (ATC) amount is determined. The potential customer(s) must pay the ATC before the project will commence. The gas design technician or gas design project manager will prepare the feasibility model and the Gas Design Supervisor or competent designee will review and approve the model thereby also approving the estimated project spend.

The specific main work order requires an estimated in-service date, assigning of a “project manager” and will generate a series of approvals within PowerPlan. The estimated in-service date shall be determined based on the anticipated project duration and should be updated as the project schedule changes. The “project manager” assigned to the project within the work order should be the gas design technician or gas design project manager that initiated the project. The construction department will oversee field operations and installation, however the “project manager” will provide overall project oversight, including PowerPlan updates, through completion. Once the work order is fully prepared, it is sent through the approval process that starts with Plant Accounting and is then routed through the business unit up to the appropriate signatory as designated by policy TECO-LEG-POL-02-6.

If a project initially fell under the category of a blanket project but subsequently was estimated at a cost exceeding the $500,000 threshold, a revision to the PowerPlan work order should be initiated which will trigger a new set of approvals that starts with Plant Accounting and is then routed through the business unit up to the appropriate signatory as designated by policy TECO-LEG-POL-02-6. Additionally, the Design Supervisor will be notified of the exceedance of the threshold by the gas design technician or gas design project manager acting as “project manager”. If the project is still in design at the time of the exceedance, then the project will be issued to the construction project manager in the same manner as a specific capital project. The construction project manager will update the work order to reflect their name as “project manager” at the time of hand-off. If the project is in construction at the time of the exceedance, the construction team will continue to manage the project to ensure consistency. The “project manager” identified in the work order will remain as the gas design technician or gas design project manager.

## Change Orders

Any change or deviation from the project scope, schedule and/or budget shall be documented via a change order document, including deductions and additions. The TECO responsible party, depending on the type of work and/or stage of the project, will review and process all change orders.

There are two (2) types of change order documents as follows:

* Scope change notice
* Agreement change notice

**Scope Change Notice**

A scope change notice (SCN) form is submitted for any scope changes that do not have a financial impact **or** the financial impacts are estimated and will not be fully realized until the associated work is complete. An SCN must be approved by the TECO responsible party prior to commencement of the associated work.

**Agreement Change Notice**

If financial impacts are firm prior to commencement of the associated work, an SCN can be bypassed, and an agreement change notice (ACN) executed directly. If the costs were estimated under a SCN, an ACN is submitted once all costs associated with the change are realized. All ACNs should be followed-up by an invoice for the final associated charges, inclusive of all required back-up documentation. ACNs must be approved by the TECO responsible party and all levels up to the final signing authority based on policy TECO-LEG-PRO-02.1-1.

Once the ACN is executed by all required parties, a purchase requisition (PR) increase will be initiated by the TECO responsible party or their designee. The TECO responsible party should inform all signatories of the impending ACN and PR increase approval requests and the circumstances surrounding the changes. The change order invoice may be processed once the additional funds are added to the purchase order (PO) by Procurement.

The TECO responsible party must confirm the change order document(s) contain(s) the following information at minimum when received from the vendor:

* Project Name
* Contractor/vendor name
* Scope change/agreement change notice number
* PO Number
* Work Order number (D #)
* Original contract price, change order cost impact, adjusted (new) agreement total
* **Detailed** description of out-of-scope work
* Explanation of why change is necessary (justification)
* Required back-up (sub-contractor invoices, DFRs, etc.)
* Contractor representative signature

## Approval of Project Invoices

Approval of project invoices is dependent on the project stage and total project value. Invoices and back-up documentation, as required, are reviewed by the responsible party listed below. Invoices are approved only for work that has already been completed by the vendor per the scope of work or approved change order and is determined to be of acceptable quality to the responsible party.

The following groups are responsible for reviewing/approving invoices as follows:

* + Transmission – Design stage
	+ Engineering or Project Manager
	+ Transmission – Construction stage
	+ Project Manager
	+ Distribution – Design stage
	+ Engineering GDT or GDPM
	+ Distribution – Construction stage
	+ TECO Construction Inspector or Construction Supervisor - for Distribution < $500k
	+ Construction Project Manager – for Distribution between $500k and $1.5M

The following back-up documentation should be reviewed during the approval process. (Documents bolded are the minimum required documents for retention release):

* + **Interim or full as-built plans**
	+ **Bore logs**
	+ **Pressure test records**
	+ **Service cards**
	+ Daily field records/logs (DFRs)
	+ Sub-contractor invoices
	+ Photos (fusions, well-pointing, restoration, etc.)
	+ All other documentation as required by responsible party or per the contract

After gassing of a 2,000 LF or greater main installation, the Project Documentation Checklist should be completed to ensure all documentation has been received and accepted by the appropriate TECO responsible party. The Checklist should be filed with the project files.

If a vendor invoice is not approved, the invoice is rejected in the Vendor Invoice Management (VIM) system and the vendor is notified. Vendor invoices can be rejected for the following reasons (not exhaustive):

* Charge errors
* Discrepancy in quantities or charges
* Missing required documentation
* Sub-standard work that needs correction
* Missing information

**Note: Unacceptable invoices should be rejected, and the vendor notified immediately such that the invoice does not age.**

If the vendor invoice is approved, a Service Entry Sheet (SES) is prepared by the responsible party or their designee. The SES should reference the appropriate work order number according to the type of work (specific or blanket) and contract (RFP or MSA with project order). The SES is then released by a manager with SAP release authority. Accounts Payable (AP) will then prepare an invoice receipt and schedule payment to the vendor. If retention was selected to be held, the SES is prepared for the full invoice amount. The payment will be automatically released less the retained funds.

For certain projects, retention is withheld automatically as a percentage of each invoice. Once a project is fully completed by the vendor, including any punch lists and/or final surface restoration, the vendor must submit to the project manager or construction project manager the following:

* Contractor’s Affidavit
* Contractor’s Receipt and Release
* Final invoice detailing each progress invoice with the retained amount listed

The project manager or construction project manager will review the documents to ensure accuracy. If approved, the project manager or construction project manager shall add a certification statement, such as the below, to each of the retention documents and return them to PGS Accounts Payable at apinvoice@tecoenergy.com.

**Example certification statement:**

*This work has been completed to PGS’ satisfaction and according to the contract documents. This document has been reviewed and determined to be accurate by “X”. Retention is approved to be released.*

# REVISION HISTORY

|  |  |  |
| --- | --- | --- |
| Name | Date | Version |
| Working Draft | 05/02/2018 | 0.0 |
| Issued Final | 06/18/2018 | 1.0 |
| Revision 2 | 03/01/2022 | 2.0 |
| Revision 3 |  | 3.0 |