



ADD-CHANGE FORM

New Project or Budget Change? Assigned Project #

Requested by: Date:
Project Manager / Area Manager

Project Name:

Company:

Business Unit:

BU Type:

Project Owner:

Budget Owner / RVP:

Project Manager:

Region:

Start Date:

State:

Estimated End Date:

Project Type:

Will project replace/retire any assets:

Previously Requested:

This Request:	\$30,000
Still to be Requested:	
Total Project Budget:	\$30,000

Description:

This project will involve the following:

- A. Disconnect and remove the existing 10,000-gallon north hydro tank at Cypress Lakes WTP (Tank #1).
- B. Load and transport a 10,000-gallon ASME-code hydropneumatic tank at Summertree Well 13.
- C. Construct concrete support structure and cradles for tank.
- D. Install the tank on new supports and connect it to existing piping.
- E. Clean the tank, inspect, disinfect and sample before placing tank in service.

Timeline Considerations:

This project will be included in the upcoming consolidated rate case as a proforma project to be filed in 3Q16.
This project will commence after Summertree Well 13 is taken off line.

Inter-dependant Project Project Number: Project Name (If applicable)

Have engineering evaluations been performed? Engineering project number (If applicable)



JUSTIFICATION / ALTERNATIVES

Justification and Benefits:

This project is needed to replace Hydropneumatic Tank #1 (north tank), which was installed in 1987 and is at the end of its useful service life. The last inspection performed in May 2015 by Crowell Plumbing determined the existing hydro tank required sandblasting and internal coating, which would cost in excess of \$15,000, or replacement of the tank. The tank is a non-code ASME with no data plate.

After an interconnection is constructed at the Summertree water system with Pasco County Utilities in 2016, the ASME code 10,000-gallon hydro tank at Summertree Well 13 will be taken off line and available for use at Cypress Lakes. Because the Summertree Well 13 hydro tank was purchased in 2012 and was built to ASME specifications, it has many years of remaining service life. Relocating and installing this tank at the Cypress Lake WTP can be accomplished cost effectively compared to the cost to purchase and install a new 10,000 gallon tank.

Risk Evaluation

The existing Cypress Lake #1 hydro tank has experienced degradation of its internal surface coating and steel structure after nearly 30 years of service. As identified in the 2014 Crowell inspection report, the utility must either replace or completely refurbish the tank. If the tank was sandblasted and then found to have additional significant deficiencies that need to be addressed, the project cost could easily and significantly increase on a tank that does not meet ASME specifications and which is 40 years old.

Alternatives Considered:

1. Remove Tank #1 from service, sandblast and internally coat at a cost of \$15,000.
2. Remove and replace with new tank at an estimated cost of \$50,000-60,000.

Technical Review Summary:



Financial and Regulatory Implications

Capital Plan

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Proposed Project Spend	30,000				
Project Spend in Current Plan	25,000				
Variance	(5,000)	-	-	-	-
CIAC Collected					
Net Rate Base	30,000	30,000	30,000	30,000	30,000

(if applicable)

O&M Cost Impact B/(W)

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Financial Justification

1. The existing tank was inspected in 2014 and found deficient. The tank inspection report was submitted to the Polk County Health Dept. which directed the utility to either refurbish or replace the tank.
2. The existing tank was installed in 1987 and is at the end of its service life.
3. The existing tank does not meet ASME specifications whereas the tank at Summertree Well 13 does.
4. The cost to replace Cypress Lakes Hydro Tank #2 in 2013 was more than \$50,000. The cost to replace the original hydro tank at Summertree Well #13 in 2012 was about \$60,000. Repurposing the Well 13 tank is a cost effective use of an existing asset.
5. No construction permit is required to complete the project. This is considered a maintenance activity since this is a like for like replacement of the existing tank with an ASME code tank (per Chapter 62-555.520(1)(c)(1), F.A.C.).

Estimated Revenue Impact per Customer:

Number of Customers Impacted:

	Served	Rate Payers
	2.27	2.18
	1,216	1,266

Utility Financial Impact

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
O&M Impact on EBITDA B/(W)	-	-	-	-	-
Depreciation Impact on EBIT B/(W)	(833)				
Under-recovery on capital B/(W)	(1,922)				
Net EBIT Impact B/(W)	(2,755)				

Timing and Supporting Information on Rate Recovery

Estimated completion of the project is 2/28/2017 and rate recovery should begin in September of 2017.

Regulatory Plan Implications

The project cost will be included in the 2016 consolidated rate case as a proforma project.

Assumptions

ROE: 10.25%, Cost of Debt: 6%, Equity Percentage: 50%, Tax Rate: 37.63%, Depreciation Rate: 5.556%
 After Tax Return on Rate Base = $10.25\% \times 50\% + 6\% \times 50\% \times (1 - 37.63\%) = 6.9961\%$
 Pretax Return on Rate Base = $6.9961\% / (1 - 37.63\%) = 11.217\%$
 Total Revenue Required = Pretax Return on Rate Base + Depreciation Rate = $11.217\% + 5.556\% = 16.77\%$
 Please note the under-recovery on capital includes equity, taxes, and debt portions



Approvals

EAM Prime Review

Review Completed by Date:
Does project align with utility plan and meet technical requirements? Yes No

Comments

Technical Peer Review

Review Sponsored by Date Held
Approval to proceed Yes No

Comments (note if feedback received in review incorporated)

Technical Peer Review not required for this small project.

FP&A Review

Review Completed by Date:
Does Project comply with current Utility Rate and Regulatory Plan? Yes No

Comments

This project meets UIF financial requirements.

Approvals

Applicable?

Regional Manager: Date:

VP Operations: Date:

President: Date:

Approval or Re-Direction Comments

ENVIRONMENTAL EQUIPMENT SALES, INC.

Site Development/Water & Wastewater Systems/Underground Utilities/Industrial Construction

Post Office Box 2459
Riverview, FL 33568

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PROPOSAL #1493-1

State Certified General Contractor CGC061731 (813) 677-6877 Phone
State Certified Electrical Contractor EC13004251 (813) 677-2605 Fax

PROPOSAL SUBMITTED TO:	PHONE: 407-468-3268	DATE: January 20, 2017
NAME: CYPRESS LAKES UTILITIES, INC.	JOB NAME: Cypress Lakes – North Hydropneumatic Tank Replacement with Relocated Tank from Summertree	
STREET: 200 Weathersfield Avenue	STREET: 10000 US Highway 98 North	
CITY/STATE/ZIP: Altamonte Springs, FL 32714	CITY: Lakeland	STATE: FL 33809
CONTACT NAME: Mike Wilson, Regional Manager	EMAIL: mawilson@uiwater.com	

We propose to provide all necessary labor, material, and equipment to replace the existing North hydropneumatic tank with hydropneumatic tank relocated from Summertree.

Work to Proceed as Follows:

- 1) Excavate location for installation of relocated tank.
- 2) Form and pour concrete foundation with spread footings. Pour concrete saddles to match hydropneumatic tank.
- 3) Provide crane and truck to transport tank from Summertree to new location at Cypress Lakes. Set tank.
- 4) Supply and install new piping to connect to existing piping.
- 5) Clean up and demobilize.

QUOTE – Work to be completed in accordance with the above specifications for the sum of Twenty-Five Thousand Seven Hundred Thirty-Two Dollars and 00/100 cents (\$25,732.00.00) with Terms: Net 15 Days.

NOTES:

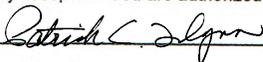
- 1) Chlorination and bacteriological sampling by Owner.
- 2) Does not include any permits or permit fees.
- 3) This proposal is based on all onsite cut material being useable for structural/pavement areas and trench backfill. Location provided by UI assures soil conditions are suitable for spread footings.
- 4) Any adjustments/removal or location/relocation of existing utilities, which may conflict with proposed work not included.
- 5) Does not include sod or grassing.

All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs, will be executed only upon written orders, and will become an extra charge over and above and estimate. All agreements are contingent upon strikes, accidents or delays at beyond our control. This proposal subject to acceptance within 15 days and is void thereafter at the option of the undersigned. Delinquency charges of 1½% per month will apply for all delinquent invoices. Collection fees for delinquent accounts, including attorney/collection agency fees and expenses incurred by Environmental Equipment Sales, Inc. are the responsibility of the customer.

ACCEPTANCE OF PROPOSAL

The above prices, specifications, and conditions are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

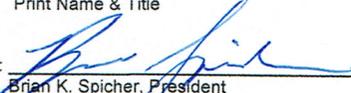
ACCEPTED

Signature: 

Date: January 20, 2017

Patrick C. Flynn, VP of Operations
Print Name & Title

Date: 1-20-17

Signature: 
Brian K. Spicher, President
Environmental Equipment Sales Inc.