



ADD-CHANGE FORM

New Project or Budget Change? **Assigned Project #**

Requested by: **Date:**
Project Manager / Area Manager

Project Name:

Company: Utilities Inc of Florida

Business Unit: Summertree W

Project Owner:

BU Type: WP

Project Manager:

Budget Owner / RP: John Hoy 03

Start Date: Q1 2017

Region: Florida 04

Estimated End Date: Q2 2017

State: FL

Project Type:

Will project replace/retire any assets:

Previously Requested:

This Request:	\$176,826
Still to be Requested:	\$0
Total Project Budget:	\$176,826

Description:

Abandon (4) each water supply wells and otherwise decommission the well sites including:

- 1) Disconnect power from all plant equipment to include process control buildings, exterior lighting and any other appurtenances all the way to the electrical transformer on either the power pole or the ground at the point of connection to the power provider (WREC).
- 2) Remove all chemicals and chemical pumps on each site not otherwise removed by the Utility.
- 3) Disconnect and remove all electrical controls, panel boxes and associated equipment. Utility will determine whether the equipment will be disposed or stored.
- 4) Disconnect and remove well pumps, motors. Disconnect and dispose of each hydropneumatic tank at Wells 1 and 2. Disconnect the hydro-pneumatic tank at Well 13, seal off all ports, then transport the tank to Cypress Lakes WTP for future installation.
- 5) Install (4) each 8" line stops with blind flanges on all 4 wells, on the discharge piping in the right of way prior to property line with 2 lf of piping removal and the insertion of a thrust block on each line stop.
- 6) Cap and grout 1,350 LF of 8" raw water main from Well 17 to Well 13.
- 7) Demolish and remove all concrete pads, concrete block structures, buildings and storage units.
- 8) Remove landscaping materials on each site as directed by the Utility at the time of demolition.
- 9) Disconnect and remove the emergency generator set at Well 13.
- 10) Remove all wood and chain link fencing, barbed wire and fence posts at each site.
- 11) Store selected items in designated area. Insure that each site remains adequately secured during the entire decommissioning process.
- 12) Remove concrete drive and sidewalk as applicable at each site. Grade each site to level elevation to match adjacent property slope.
- 13) Place either Floratam or St. Augustine sod at each site over all graded areas. The contractor will be responsible for maintaining the sod for 30 days thereafter so that the freshly laid sod is firmly established.
- 14) Abandon each of the four wells in accordance with the well abandonment regulations of SWFWMD and utilizing the services of a Florida licensed well driller. Promptly submit well abandonment records to SWFWMD and the Utility upon completion of the well abandonment process.

Timeline Considerations:

This project is a proforma included in the currently open UIF consolidated rate case.

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

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



JUSTIFICATION / ALTERNATIVES

Justification and Benefits:

The Florida legislature established a requirement that water suppliers meet secondary drinking water parameters. Due to the presence of elevated color values in the Summertree water supply wells, the Utility is obligated to make improvements to the treatment process or find an alternate water source. An engineering and water quality analysis was conducted, which determined that interconnecting with Pasco County Utilities and the abandonment of the existing water supply wells was the preferred option.

With the completion of the interconnection between the Summertree distribution system and PCU's system, water quality now meets DEP's secondary drinking water parameters and thus has improved the aesthetic characteristics of the water at the customers' taps. This project addresses the permanent disconnection of the existing four wells from the Summertree distribution system, the complete abandonment of the wells in conformance with SWFWMD rules, and the decommissioning and removal of all site improvements. Utility easements associated with Wells 13 and 17 within the Arborwood of Summertree community will then be revoked.

Risk Evaluation

The treated water delivered to the customers met all drinking water parameters except for color. However, a system wide survey of all customers identified overwhelming support for the Utility to purchase water from Pasco County Utilities through a proposed interconnection paid for by PCU in lieu of constructing enhanced treatment facilities within the Summertree community,

Alternatives Considered:

New water treatment facilities, either at each of three well sites or a central location; alternative treatment methods such as ion exchange, membrane filtration, or greensand filtration; or an interconnection with Pasco County Utilities.

Technical Review Summary:

Through engineering analysis it was determined that the most cost effective and reliable means of delivering potable water that meets current regulations was through an interconnection with Pasco County.



Financial and Regulatory Implications

Capital Plan

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Proposed Project Spend	\$176,826				
Project Spend in Current Plan	176,826				
Variance	-	-	-	-	-
CIAC Collected					
Net Rate Base	176,826	176,826	176,826	176,826	176,826

(if applicable)

O&M Cost Impact B/(W)

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Financial Justification

Interconnection has been completed and placed into service as of 12/21/2017 with construction costs funded by state grant and PCU financial resources. Wells must now be decommissioned/abandoned properly in conformance with Southwest Water Management District and DEP rules and regulations. The Utility will request reimbursement of well abandonment costs from SWFWMD per the requirements and limitations of their well abandonment program.

Estimated Revenue Impact per Customer:

Number of Customers Impacted:

	Served	Rate Payers
	3.94	3.83
	2,790	2,869

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)	(1,179)				
Under-recovery on capital B/(W)	(9,818)				
Net EBIT Impact B/(W)	(10,996)				

Timing and Supporting Information on Rate Recovery

Estimated completion of the project is 5/30/2017 and rate recovery should begin in September of 2017.

Regulatory Plan Implications

This is a proforma project included in the 2016 UIF consolidated rate case filed in 3Q of 2016.

Assumptions

ROE: 10.25%, Cost of Debt: 6%, Equity Percentage: 50%, Tax Rate: 37.63%, Depreciation Rate: 2%
 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 = $11.217\% + 2\% = 13.217\%$
 Please note the under-recovery on capital includes equity, taxes, and debt portions



BID INFORMATION AND BUDGET BREAKDOWN

Have three bids been received?

If not, why? List and provide amounts below

Bid	Company	Amount	Selected
1	Environmental Equipment Sales Inc.	\$171,126	Yes
2	Utility Group of Florida	\$198,438	No
3	Locke Well & Pump (No Bid)	N/A	

Component:	Amount
Value Bid Elements	171,126.00
Engineering	5,700.00
Direct Purchase of Parts / Materials	
Landscaping / Site Restoration	
Other Components (specify):	
Cap Time	

should match selected bid(s) above

Total Project Budget **176,826.00**

should match Total Budget on General Information

Object Account(s) to which project will be closed:

1095	Power Generation Equip
1105	Electric Pump Equip Wtp
1115	Water Treatment Eqpt
1120	Dist Resv & Standpipes
1080	Wells & Springs

General Comments:

Decommissioning costs are net of any salvage value of equipment, materials, or structures not at the end of their service life and useable at other Utility facilities in the near term. Reuseable items include an ASME-code hydro tank, a prefabricated equipment shed, and well SCADA equipment.



Approvals

EAM Prime Review

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

Comments

This project aligns with the utility plans and meets UIF technical requirements.

Technical Peer Review

Review Sponsored by Date Held
Approval to proceed Yes No

Comments (note if feedback received in review incorporated)

No comments generated.

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:	<input type="text" value="Mike Wilson"/>	Date: <input type="text" value="1/12/2017"/>	<input checked="" type="checkbox"/>
VP Operations:	<input type="text" value="Patrick C. Flynn"/>	Date: <input type="text" value="1/18/2017"/>	<input checked="" type="checkbox"/>
President:	<input type="text" value="John P. Hoy"/>	Date: <input type="text" value="1/18/2017"/>	<input checked="" type="checkbox"/>

Approval or Re-Direction Comments