



ADD-CHANGE FORM

New Project or Budget Change?

Assigned Project #

Requested by:
Project Manager / Area Manager

Date:

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:

Still to be Requested:

Total Project Budget:

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



BID INFORMATION AND BUDGET BREAKDOWN

Have three bids been received?

If not, why? List and provide amounts below

Bid	Company	Amount	Selected
1	TBD		
2			
3			

Component:

Amount

Value Bid Elements	25,000.00	should match selected bid(s) above
Engineering		
Direct Purchase of Parts / Materials		
Landscaping / Site Restoration		
Other Components (specify):		
Cap Time		
Contingency	5,000.00	

Total Project Budget **30,000.00** should match Total Budget on General Information

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

1165

Oth Plt&Misc Equip Wtp
 select from dropdown list
 select from dropdown list
 select from dropdown list
 select from dropdown list

[Go to Reference List](#)

General Comments:



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