

**Attachment 1  
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**Project Justification Form**

**Capital Project Justification Form**

**Project Name**  
PJ FORM INSTRUCTIONS  
**CSF:** No CSF

**Project ID**      **Rev#**  
SPP-EXAMPLE      0

**Budget and Schedule Summary**

**Project Approval**

(dollars in thousands)

| Budget                           | Prior Yrs   |              |                      |                              |  |                             | Out Yrs | Total |
|----------------------------------|-------------|--------------|----------------------|------------------------------|--|-----------------------------|---------|-------|
| Previous Approved Budget         |             |              |                      |                              |  |                             |         |       |
| <b>Current Requested Budget</b>  |             |              |                      |                              |  |                             |         |       |
| Study & Prelim Engineering Phase |             |              |                      |                              |  |                             |         |       |
| Detailed Engineering Phase       |             |              |                      |                              |  |                             |         |       |
| Implementation Phase             |             |              |                      |                              |  |                             |         |       |
| Requested Total                  |             |              |                      |                              |  |                             |         |       |
| <b>Schedule</b>                  | Study Phase | Design Phase | Implementation Phase | Outage Required?             |  |                             |         |       |
| Start Date                       |             |              |                      | <input type="checkbox"/> Yes |  | <input type="checkbox"/> No |         |       |
| End Date                         |             |              |                      | Outage ID                    |  |                             |         |       |

**Requesting Approval for Phase:**

- All Phases
- Study and Preliminary Engineering Phase
- Detailed Engineering Phase
- Implementation Phase
- Detailed Engineering and Implementation Phases

previous phase approved under PJF revision: \_\_\_\_\_  
 previous phase approved under PJF revision: \_\_\_\_\_  
 previous phase approved under PJF revision: \_\_\_\_\_

(Project Manager "n/a" approval signatures not applicable. All must sign in sequence)

| Project Category Approval Levels |                              |                              | Approval  | Date |
|----------------------------------|------------------------------|------------------------------|---|------|
| BASE                             | DISCRETIONARY                | STRATEGIC                    |   |      |
| All Projects                     | All Projects                 | All Projects                 | 1-Project Manager   |      |
|                                  |                              |                              | 2-Project Sponsor   |      |
|                                  |                              |                              | 3-SBU Project Coordinator   |      |
|                                  |                              |                              | 4-SBU Officer   |      |
| Capital > \$2M<br>O&M > \$1M     | Capital > \$2M<br>O&M > \$1M | All Projects                 | 5-SBU Executive   |      |
| Not Required                     | All Projects                 | Not Required                 | 6-PMC Chair   |      |
| Capital > \$8M<br>O&M > \$3M     | Capital > \$8M<br>O&M > \$3M | Capital > \$8M<br>O&M > \$3M | 7-CFO   |      |
| Capital > \$8M<br>O&M > \$3M     | Capital > \$8M<br>O&M > \$3M | Capital > \$8M<br>O&M > \$3M | 8-CEO<br>If > \$50M, Is Board Approval <input type="checkbox"/> Yes <input type="checkbox"/> No |      |
| Capital > \$50M                  | Capital > \$50M              | Capital > \$50M              | 9-Board   |      |
|                                  |                              |                              | 10-Return Original to Project Manager   |      |

Note: All Projects should be evaluated on a cash purchase basis. Any project which proposes financing arrangements must be approved in writing by the Corporate Treasurer prior to submission.

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### I. Project Description

#### Organization

Owner: Admin  
Lead: Enterprise Performance & Analysis

#### Location

Loc: enter location

#### Technical Contact

Name:  
Phone:

#### Responsible Mgr

Name:  
Phone:

#### Project

Type: Capital  
Cat: ECONOMIC / REVENUE  
Prgm: No Program

#### Estimated      Actual

Start Date: 08/01/2006  
In-Srvc Date: 12/31/2006  
Outage Date:

#### **Problem Description**

Describe the problem, and why it must be fixed, improved, etc. For component replacements make sure you clearly describe the condition of the component, failure probabilities, Weibul analysis, etc. to the extent possible. Are there physical conditions that indicate imminent or near term failure? Spell out any rules, regulations, commitments, laws driving the project and any options in how we comply. Safety category-identify the impact on the public or employees and how we are mitigating. Regulatory category-identify the regulatory requirement that drives the project. Commitment category-identify when, to whom, and by whom the commitment was made. Other categories-identify the performance parameter(s) that are affected and the current and/or project gap that will be addressed by the project.

#### **Assets Planned to be placed in-service and/or Assets to be Retired**

Describe the specific assets(s) and quantity to be placed in-service and/or the specific assets that will be retired from service as a result of the project. (Refer to the SBU's Plant Unit Catalog).

#### **ARO Asset Description / Future Retirement Action / Regulation**

No Information Available

#### **Project Scope**

Define the boundaries of the project in terms of the specific work to be accomplished (i.e. location, size, quantity, material)

#### **Performance Measurement**

No Information Available

#### **Other Options/Alternatives**

Describe all other feasible options considered to address the problem/issue.

#### **Reason For Change**

For new projects indicate this is the initial request for approval of the project and risks associated with not doing or delaying the project. When revising a project include the reason for revision in this block (e.g. increased scope, cost escalation, more definitive estimate, etc). NOTE: The information contained in this block will print on the PMC Report spreadsheet. Therefore, any other quantifying or explanatory information may be included.

#### **News Release**

The information contained here should address the overall benefit to the customer/stakeholder, and should be in the form of a newspaper headline. In other words, what is the one sentence statement that most accurately reflects the value of the project?

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Order of Magnitude - The initial project estimate without the benefit of scoping or preliminary engineering.  
 Conceptual - Estimate after the project scoping and/or preliminary engineering completed.  
 Preliminary - Project ready for detailed design and estimate considered to be within +/-20% accuracy as committed to by the SBU.  
 Definitive - Estimate considered to be within +/-10% accuracy as committed to by the SBU.  
 Budget Adjustment - Project estimate adjustments to accommodate budget changes only.

**II. Project Economic Evaluation**

**COST**

**ECONOMIC INDICATORS**

**SUNK CAPITAL:** \$0  
**SUNK O&M:** \$0  
**REMAINING COST:** \$0  
**TOTAL COST:** \$0  
**ESTIMATE TYPE:** Order of Magnitude

**NPV:** \$0.0  
**PI:** 0  
**IRR:** 0.0  
**SIMPLE PAYBACK:** 0  
**BASE YEAR:** 2007

| Year             | Capital Cost | O&M Cost | Total Benefit | O&M Base Increase | Environmental Cost |
|------------------|--------------|----------|---------------|-------------------|--------------------|
| <b>SUNK</b>      | 0            | 0        | 0             | 0                 |                    |
| <b>OUT YEARS</b> | 0            | 0        | 0             | 0                 |                    |
| 2007             | 0            | 0        | 0             | 0                 | 0                  |
| 2008             | 0            | 0        | 0             | 0                 | 0                  |
| 2009             | 0            | 0        | 0             | 0                 | 0                  |
| 2010             | 0            | 0        | 0             | 0                 | 0                  |
| 2011             | 0            | 0        | 0             | 0                 | 0                  |
| 2012             | 0            | 0        | 0             | 0                 | 0                  |
| 2013             | 0            | 0        | 0             | 0                 | 0                  |
| 2014             | 0            | 0        | 0             | 0                 | 0                  |
| 2015             | 0            | 0        | 0             | 0                 | 0                  |
| 2016             | 0            | 0        | 0             | 0                 | 0                  |
| 2017             | 0            | 0        | 0             | 0                 | 0                  |
| 2018             | 0            | 0        | 0             | 0                 | 0                  |
| 2019             | 0            | 0        | 0             | 0                 | 0                  |
| 2020             | 0            | 0        | 0             | 0                 | 0                  |
| 2021             | 0            | 0        | 0             | 0                 | 0                  |
| 2022             | 0            | 0        | 0             | 0                 | 0                  |
| 2023             | 0            | 0        | 0             | 0                 | 0                  |
| 2024             | 0            | 0        | 0             | 0                 | 0                  |
| 2025             | 0            | 0        | 0             | 0                 | 0                  |
| 2026             | 0            | 0        | 0             | 0                 | 0                  |

**Approvals:**

|                              |                |              |
|------------------------------|----------------|--------------|
|                              | <b>Status:</b> | <b>Date:</b> |
| <b>ASSET CLASSIFICATION:</b> | Not Reviewed   | 10/30/2006   |
| <b>BUSINESS UNIT:</b>        | Not Reviewed   | 10/30/2006   |
| <b>PMC APPROVAL:</b>         | Not Reviewed   | 10/30/2006   |
| <b>ARO REVIEW:</b>           |                | 10/30/2006   |

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### II. Project Economic Evaluation

#### Cost Assumptions

1. Provide supporting information for the project cost estimate. When practical the cost should be broken down into engineering, materials, construction, and/or contracts.

#### Risks

Describe the challenges associated with the cost estimate that would most likely cause the project costs to overrun the estimate. Contingencies should be allocated only to those risks that have a high potential to overrun the project.

#### Benefit Assumptions

1. Include supporting information utilized in the development of anticipated project benefits.
2. For Safety, Regulatory, and Commitment projects, the benefits should be limited to resolution of the issue or satisfaction of the law/commitment.
3. Detailed benefit explanation should be provided for other project categories and should include:
  - loss of generation prorated according to probability of failure.
  - revenue loss or addition
  - O&M savings by organization
  - other

#### Risks

Describe the risks associated with achieving the projected benefits.