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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of California Water Service Company (U60W) for a Certificate of Public Convenience and Necessity to Provide Water Service to Travis Air Force Base and to Establish Rates.

Application 17-05-022
(Filed May 31, 2017)

REBUTTAL TESTIMONY OF PAUL TOWNSLEY

Lori Anne Dolqueist
Willis Hon
Nossaman LLP
50 California Street, 34th Floor
San Francisco, CA 94111
(415) 398-3600
LDolqueist@nossaman.com
Attorney for Applicant California Water Service Company

Natalie D. Wales
Director of Regulatory Policy & Compliance
California Water Service Company
1720 North First Street
San Jose, CA 95112
(408) 367-8566
nwales@calwater.com

November 3, 2017

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I. INTRODUCTION

Q1. Please provide your name and business address.

A1. My name is Paul Townsley. My business address is 1720 North First Street, San Jose, CA 95112.

Q2. By whom are you employed and in what capacity?

A2. I am employed by California Water Service (“Cal Water”) as its Vice President of Regulatory Matters and Corporate Development.

Q3. Have you previously supplied your qualifications in this proceeding?

A3. Yes, I provided my qualifications in my Direct Testimony in this proceeding, which was served on May 31, 2017.

Q4. Are there any changes to your qualifications?

A4. No.

II. PURPOSE OF TESTIMONY

Q5. What is the purpose of your testimony?

A5. The purpose of my rebuttal testimony is to respond to the testimony of the Office of Ratepayer Advocates (“ORA”) in the *Report on California Water Service Company Request for a CPCN to Serve Travis Air Force Base under Contract with the United States Department of Defense*, served October 13, 2017 (“ORA Report”).

III. BENEFITS OF COMMISSION REGULATION

Q6. How do you envision the contract between Travis AFB and Cal Water to provide water service (“Contract”) should work?

1 A6. At its core, the Contract is a simple, routine agreement that falls within the
2 wheelhouse of what Cal Water does as a regulated water utility. The types of
3 provisions and issues that arise from the Contract are comparable to those which
4 Cal Water and the Commission have dealt with in nearly every single one of its
5 districts for many years. What is different here is that the Contract is a prescient
6 indicator of what is likely to come with respect to the federal government’s efforts
7 to pursue water privatization efforts nationwide and in California. In entering into
8 the Contract, which would provide for Commission-regulated tariff rates, Travis
9 AFB and Cal Water recognize the value in the Commission’s regulatory process.
10 By granting Cal Water the CPCN to provide regulated water service to Travis
11 AFB, the Commission is able fold Travis AFB into its regulatory framework and
12 provide it with the long-term price and service stability associated with
13 Commission oversight and periodic general rate case process.
14

15 Q7. Why is Commission oversight of Cal Water’s provision of regulated water service
16 to Travis AFB in the public interest?

17 A7. Allowing for Cal Water to operate with the Certificate of Public Convenience and
18 Necessity (“CPCN”) in order to provide regulated water service to Travis Air
19 Force Base (“Travis AFB”) would provide for the benefits of transparency and
20 oversight that come along with the public utility status under the Commission’s
21 jurisdiction. The federal government’s solicitation document, attached here as
22 Attachment 1, requesting bids to provide service to Travis AFB stated, “Proposals
23 will be evaluated on the degree to which long-term price and service stability are
24 enhanced as a result of regulation by an independent federal, state, or local
25 regulatory authority with jurisdiction over the applicable utility service.”¹ The
26 long-term price and service stability provided by the Commission’s General Rate
27

28 ¹ Attachment 1, Solicitation, Section M, p. 91.

1 Case process for Cal Water achieves this desire. From the perspective of Travis
2 AFB specifically, having Cal Water provide service under the CPCN would also
3 allow for greater economies of scale and efficient operation.
4

5 Q8. Would the Travis District contribute to the Cal Water’s public purpose programs?

6 A8. Yes. Although not previously explicitly addressed, Cal Water anticipates that,
7 like service to other regulated districts, the service to the proposed Travis District
8 under the requested CPCN would include contributions to Cal Water’s public
9 purpose programs. For example, the Travis District would contribute to Cal
10 Water’s Low Income Ratepayer Assistance (“LIRA”) program and Rate Support
11 Fund (“RSF”), which provide rate assistance to low-income customers and
12 customers in high-cost districts, respectively.
13

14 Cal Water’s current LIRA Tariff Schedule states, “A LIRA surcharge rate of
15 1.542% will be applied to the basic water charges on a customer’s bill. Basic
16 water charges as referenced in this Schedule consist of the service charge and
17 quantity charges for a metered customer, and the flat charge for flat-rate
18 customers, after RSF credits are applied; they do not include any other fees,
19 surcharges, or credits.”² If this application is approved by the Commission, Cal
20 Water will propose in its 2018 General Rate Case (“GRC”) that the Commission-
21 authorized LIRA surcharge be applied to the Travis District just as it is applied to
22 Cal Water customers.
23

24 Cal Water’s RSF Tariff Schedule states, “An RSF surcharge rate of .354% will be
25

26 ² Cal Water LIRA Tariff Schedule effective 1/1/17-12/31/17. For example, if Travis had been a
27 regulated district in 2017 with a monthly water bill of \$155,612, it would have contributed a total
28 of \$28,794 [(monthly bill x 1.542%) x 12 months] in support of the LIRA fund under the 2017
LIRA Tariff. The LIRA surcharge is recalculated every year.

1 applied to the basic water charges on a customer's bill. Basic water charges as
2 referenced in this Schedule consist of the service charge and quantity charges for
3 a metered customer, and the flat charge for flat-rate customers, after RSF credits
4 are applied; they do not include other fees, surcharges, or credits.”³ If this
5 application is approved by the Commission, Cal Water will propose in its 2018
6 GRC that the Commission-authorized RSF surcharge be applied to the Travis
7 District just as it is applied to other Cal Water customers.

8
9 Q9. What other ways would the Travis District share in costs?

10 A9. Service to the proposed Travis District under the requested CPCN would also
11 include contributions to Commission fees. Cal Water's UF Tariff Schedule states,
12 “This surcharge applies to all water bills rendered under all tariff rate schedules
13 authorized by the Commission, with the exception of resale rate schedules where
14 the customer is a public utility. A 1.44% surcharge shall be added to all customer
15 bills.”⁴ If this Application approved by the Commission, the Commission-
16 authorized UF surcharge would be applied to the Travis District as it is applied to
17 other Cal Water customers.

18
19 In addition, the Travis District would be included in the re-calculation of the
20 Customer Support Services (“CSS”) cost allocation (also known as the General
21 Office allocation) in Cal Water's 2018 GRC. With CSS costs shared across a
22 larger base that includes the Travis District, existing Cal Water customers will
23 bear a smaller proportion of CSS costs than they do currently.

24
25 _____
26 ³ Cal Water RSF Tariff Schedule effective 1/1/17-12/31/17. For example, if Travis had been a
27 regulated district in 2017 with a monthly water bill of \$155,612, it would have contributed a total
28 of \$6,610 [(monthly bill x 0.354%) x 12 months] in support of the RSF fund under the 2017 RSF
Tariff. The RSF surcharge is recalculated every year.

⁴ Cal Water UF Tariff Schedule.

1 Finally, the Travis District would be subject to the memorandum and balancing
2 accounts governed by Cal Water’s preliminary statements to the extent that they
3 apply to “regulated districts” in general, as appropriate. For an example of
4 potentially relevant memo and balancing accounts, Cal Water’s Tariff Schedule
5 AS⁵ (for “additional surcharges and credits”) currently reflects the amortization of
6 several company-wide accounts, such as the Pension Cost Balancing Account and
7 the Health Cost Balancing Account, that were approved in Cal Water’s last
8 GRC.⁶

9
10 In sum, Travis District participation in the funding of existing public purpose
11 programs (and potentially other programs) and the reallocation of Cal Water’s
12 CSS costs to the Travis District would provide measurable and meaningful
13 benefits to other Cal Water customers.

14
15 **IV. MECHANICS OF COMMISSION GENERAL RATE CASE TREATMENT**

16 Q10. Please explain specifically how Cal Water intends to incorporate the proposed
17 Travis District into the GRC process.

18 A10. Cal Water is planning to file its 2018 GRC in July of 2018. Rates from that GRC
19 would be effective after Commission approval, on January 1, 2020 and continue
20 through December 31, 2022. As part of its GRC Application, Cal Water would
21 include the Travis District as a new regulated Cal Water district. Included in the
22 Application would be the anticipated capital projects and expenses for the Travis
23 District that would be reflected in rates for 2020 through 2022.⁷ Also as a part of
24

25 ⁵ Cal Water AS Tariff Schedule.

26 ⁶ The Commission would consider in the 2018 GRC which existing and new memo and
balancing accounts would be appropriate to apply to the Travis District.

27 ⁷ As with current regulated Cal Water districts, the GRC Application would include capital
28 projects the company complete in the Travis District by the end of 2019, and then propose new
capital projects for Test Year 2020 and Test Year 2021 (the capital investment reflected in rates

1 the 2018 GRC, Cal Water would include the Travis District in the allocation of
2 Cal Water’s CSS costs as discussed above, and the District would be included in
3 applicable memorandum accounts, balancing accounts, and public purpose
4 programs as approved by the Commission. Cal Water expects that the methods
5 used for the inclusion of the Travis District in the GRC would be routine and
6 comparable to the methods used for other Cal Water districts.

7
8 Q11. Are these procedures under which future rates will be determined in the 2018
9 GRC provided for under the Contract?

10 A11. Yes. The Contract specifically states that service will be provided pursuant to
11 Commission approved tariffs. The Contract states, “Consistent with the CPUC
12 three-year rate case cycle for water systems, [Cal Water] will forecast
13 infrastructure investments in each rate filing. Final rates will reflect the CPUC’s
14 adopted infrastructure investment. The proposed monthly charge for R&R would
15 remain constant unless changed as a result of CPUC approved increases in the
16 tariff rate....”⁸

17
18 Q12. How does the process described above for incorporating the proposed Travis
19 District into the 2018 GRC compare with what Cal Water does with local
20 governments?

21 A12. It is comparable. Cal Water routinely meets with interested local governments
22 and other parties in its service areas as part of its GRC application. These
23 meetings are intended to provide relevant information to those affected by the
24 proposed capital projects, and expected changes in rates. The meetings also

25
26 for 2022 will be based on an “attrition year” equation per the Rate Case Plan). For expenses, Cal
27 Water would forecast expenses for the Travis District for Test Year 2020 (the expenses reflected
28 in rates for 2021 and 2022 will be based on escalated 2020 expenses per the Rate Case Plan).

⁸ Travis Contract, Section G.4.2, p. 32-33.

1 provide the opportunity for meaningful input by elected officials or city
2 management into Cal Water’s application.

3
4 For example, Cal Water has routinely met with officials from the City of Visalia,
5 the City of Bakersfield, and the City of Selma as part of its rate case application
6 process and solicited their input into proposed capital projects that would be made
7 in their locations. Intervenors (both cities and customer groups) in past rate cases
8 have required Cal Water to meet at scheduled times in-between GRC proceedings
9 as a condition of joining a GRC settlement agreement. Cal Water is held
10 accountable to those Intervenors as approved projects are delayed or over-budget,
11 and works with them regularly to ensure common ground going into subsequent
12 GRCs. Cal Water foresees that its meetings with Travis AFB would be very
13 similar to these other meetings.

14
15 Q13. What challenges arise when an unregulated contract is being performed by an
16 affiliate of a regulated entity?

17 A13. The Commission has adopted standard Affiliate Transaction Rules that set forth
18 practices to be observed by each regulated Class A and B water utility (including
19 Cal Water) when the utility uses regulated assets for non-tariffed utility services.⁹
20 The Affiliate Transaction Rules govern several aspects of such activities,
21 including requiring separate accounting regarding the allocation of common costs
22 among the utility, its parent and other affiliated companies.¹⁰ The Commission
23 reviews the relationship between the entities to ensure that regulated customers
24 are not cross-subsidizing, or are in any way being harmed by, the activities of
25

26 ⁹ See D.10-10-019, Appendix A, *Rules for Water and Sewer Utilities Regarding Affiliate*
27 *Transactions and the Use of Regulated Assets for Non-Tariffed Utility Services* (“Affiliate
28 Transaction Rules”).

¹⁰ Affiliate Transaction Rules, Rule IV, Separation.

1 unregulated affiliates. Because of the limits on the Commission’s jurisdiction
2 over non-regulated affiliate companies, these Affiliate Transaction Rules are in
3 place to ensure that the allocation of costs and employee time is non-
4 discriminatory as between the regulated and unregulated entities, which
5 necessarily complicates how each of these items are accounted for. This is not to
6 say that the Commission lacks the ability to perform its oversight duties –
7 Affiliate Transaction Rule VIII¹¹ provides extensive oversight powers to the
8 Commission to review the activities of the regulated entities and the affiliated
9 company whose activities relate to the regulated entity. However, the flow of
10 information is more straightforward when a regulated activity is involved as
11 compared to the additional hurdles when dealing with unregulated affiliate
12 transactions. It is Cal Water’s understanding that ORA has faced significant
13 challenges in obtaining data from affiliates of other regulated utilities. Direct
14 Commission oversight of water service to Travis AFB is beneficial to Cal Water
15 in managing that service, the Commission (and ORA) in overseeing that activity,
16 and Cal Water’s customers in understanding how rates are developed and
17 receiving the benefits of a larger funding base.

18
19 **V. INTENT OF THE CONTRACTING PARTIES**

20 Q14. What is the intent of Travis Contract section H.14.3 titled “Conversion to Fixed
21 Price with Economic Price Adjustment” (“FPEPA”)?

22 A14. This provision provides flexibility; it would only be applicable if the Commission
23 were to reject Cal Water’s application for the CPCN. The stated intent of the
24 Contract is to secure water service for Travis AFB that is provided by Cal Water
25 as a regulated entity subject to the Commission’s jurisdiction. Contrary to what
26 ORA alleges, this provision is consistent with Cal Water’s position in this

27
28 ¹¹ Affiliate Transaction Rules, Rule VIII, Regulatory Oversight.

1 proceeding that a CPCN is necessary in order for Cal Water to provide the
2 Commission-approved tariff-based rates contemplated by the Contract. The
3 contingencies in this provision are only relevant in the situation in which the
4 Commission “withhold its approval of [Cal Water’s] application for regulated
5 status...”¹²

6
7 Q15. Was it the intent of the parties to the Contract that Section C.4.1 titled “Use of
8 Distribution Systems to Serve Areas Outside the Installation Service Area”¹³
9 prevent dedication to serve the public?

10 A15. No. That section of the contract was not meant to prevent dedication to serve the
11 public. Instead, it clearly contemplates the possibility of Cal Water providing
12 water service outside of the Travis AFB and merely identifies the requirements to
13 do so – obtaining the concurrence of the federal government and negotiating
14 compensation for to the government.¹⁴ While Cal Water will obtain ownership of
15 the Travis AFB utility infrastructure under the contract, this section describes the
16 use of such utility infrastructure “on the Installation.” Therefore, it is not unusual
17 to require government concurrence. Moreover, this and other sections of the
18 contract should be read in a manner consistent with the overarching commitment
19 of Travis AFB to accept the Commission’s regulatory tariff oversight. Therefore,
20 Section C.4.1 is entirely consistent with the intention of Cal Water to dedicate
21 these facilities to serve the public.

22
23 Q16. Do you agree with ORA’s contention that the provisions of the Travis Contract
24

25 ¹² Travis Contract, Section H.14.3, p. 40.

26 ¹³ Travis Contract, Section C.4.1, p. 7.

27 ¹⁴ This section also provides that “In no way shall service to off-installation customers degrade
28 or hinder reliable service, or create unhealthy, unsafe, or unacceptable outages to the
Government’s facilities.” *Id.*

1 Section C.3.5 titled “Commodity Supply” differentiate the proposed service
2 arrangement to Travis AFB from that afforded to the general public by Cal
3 Water?

4 A16. No. ORA references a portion of the Travis Contract that indicates that the water
5 commodity supply is not included with the Contract. However, the proposed
6 arrangement is no different from any other of Cal Water’s districts where it must
7 obtain an outside water supply. For example, Cal Water provides water service in
8 its Westlake and Palos Verdes Districts using 100% purchased water supplies.¹⁵
9 In both of these districts, all water supply is provided by a government agency,
10 Metropolitan Water District of Southern California, through one of its
11 wholesalers. There has never been any question as to whether Cal Water is
12 properly providing a public utility service due to that fact.

13
14 Q17. Do you agree with ORA’s contention that the provisions of the Travis Contract
15 Section H.7 titled “Government Repurchase Option” differentiate the proposed
16 service arrangement to Travis AFB from that afforded to the general public by
17 Cal Water?

18 A17. No. The possibility of a government takeover of Cal Water’s proposed Travis
19 AFB assets is no different for the proposed Travis district than it would be for any
20 other district or other investor-owned utility. A Commission-regulated, investor-
21 owned utility could be condemned by a government agency or purchased by
22 another company or public entity without Commission approval. For example, in
23 December 2012, Castaic Lake Water Agency (“CLWA”) acquired the shares of
24 Valencia Water Company (“Valencia”), a formerly investor-owned water utility
25 that was under the jurisdiction of the Commission prior to the acquisition. The
26

27 ¹⁵ Several other of Cal Water’s districts rely on purchased water for over 90% of their water
28 supply.

1 transfer of control to CLWA was approved by the Commission in D.14-02-041, a
2 decision in which the Commission also cancelled the CPCN for Valencia Water
3 Company.¹⁶ In August 2016, the California Court of Appeal affirmed a lower
4 court decision upholding the right of the CLWA to acquire the stock of the
5 Valencia, rejecting a legal challenge of the acquisition by the Santa Clarita
6 Organization for Planning and the Environment (“SCOPE”) filed in 2013.¹⁷

7
8 Another example of a government entity taking over a previously investor-owned
9 water system is the transfer of the Ojai water system from Golden State Water
10 Company (“GSWC”) to Casitas Municipal Water District (“Casitas”). Casitas
11 created a special tax district to finance the taking of water system properties
12 within Golden State’s former service area to pay for the takeover by eminent
13 domain. In April 2017, the two sides negotiated a \$34.4 million deal to sell the
14 water system to Casitas, which resolved several years of litigation over the matter.
15 In June 2017, GSWC handed over ownership of the Ojai water system to Casitas.

16
17 The government repurchase option in the Travis Contract is no different than the
18 risk of government acquisition of any other investor-owned utility operation.

19
20 Q18. Do you agree with ORA’s contention that the water utility facilities at Travis AFB
21 cannot be dedicated to public use because Travis AFB is a military installation
22

23 ¹⁶ D.14-02-041, *In the Matter of the Application of Valencia Water Company(U342W) a*
24 *Corporation, for an Order Authorizing it to Increase Rates Charged for Water Service in Order*
25 *to Realize Increased Annual Revenues of \$4,013,000 or 15.97% in a Test Year Beginning*
26 *January 1, 2014, \$858,000 or 2.93% in a Test Year Beginning January 1, 2015, and \$1,270,000*
or 4.23% in an Escalation Year Beginning January 1, 2016, and to Make Further Changes and
Additions to Its Tariff for Water Service and for other Items as Requested in this Application,
Decision Dismissing Consolidated Proceedings And Decertifying Public Utility.

27 ¹⁷ *Santa Clarita Org. for Planning & the Env't v. Castaic Lake Water Agency*, 1 Cal. App. 5th
28 1084, 206 Cal. Rptr. 3d 33 (Ct. App. 2016), *as modified on denial of reh'g* (Aug. 16, 2016),
review denied (Nov. 16, 2016).

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closed to the public?

A18. No. As a fundamental legal matter, Travis AFB is federal public land. The contract that Travis AFB has negotiated with Cal Water is similar to the franchise agreement that Cal Water must negotiate with a city to provide utility services using the city’s public rights-of-way.

Even though a city oversees and operates on “public” property, it is not required to allow members of the general public to access any and all city property at all times. A city has the legal authority to prevent public access for several reasons, chief among them being for the public’s own safety and security. (“Public” in this context could be either individual members of the public, or the public welfare as a whole.) Therefore, whether the general public can access Travis AFB at all will cannot be conclusive in determining whether an investor-owned utility can provide a regulated service on Travis AFB.

VI. ORA FAILS TO SUBSTANTIATE ITS DIRE PREDICTIONS ABOUT JURISDICTIONAL CONFLICTS

Q19. Do you agree with ORA’s statement that granting Cal Water a CPCN to serve the proposed Travis District will create “jurisdictional conflicts where the Commission may be unlikely to prevail”?¹⁸

A19. No. ORA’s central objection to the Travis Contract appears to be that the Commission’s authority may be undermined due to a conflict with federal authority. ORA refers to “obligations that come with [Commission] regulation” that Cal Water may not be able to “fulfill” due to the existence of federal jurisdiction,¹⁹ but does not identify what those “obligations” are. This is a

¹⁸ ORA Report, p. 5, line 5.

¹⁹ ORA Report, p. 5, lines 7-8.

1 recurring theme in which ORA assumes a theoretical jurisdictional conflict into
2 existence, expresses grave concern that the federal government will prevail, but
3 does not explain what the actual conflict might be. The Commission should reject
4 ORA's notion that an appropriate basis for withholding a CPCN is that a
5 potential, unspecified direct conflict with federal law could occur in the future.
6

7 Q20. What is your response to ORA's citation to the February 24, 2000 Memorandum
8 by the General Counsel of the Department of Defense?²⁰

9 A20. ORA's citation to the Memorandum should be given little weight for several
10 reasons. As with ORA's claims about unspecified "obligations" discussed above,
11 ORA raises the Memorandum in the context of federal "requirements and
12 standards" that may diverge from those of the Commission, but does not specify
13 what those might be. Along the same lines, the Memorandum addresses a
14 situation where a state is attempting to "regulate" the federal government,
15 however ORA makes no attempt to describe or analyze the likelihood that a
16 specific Commission requirement of Cal Water could rise to the level of being an
17 impermissible "regulation" of Travis AFB itself.
18

19 Q21. Is overlapping jurisdiction over investor-owned water utilities before the
20 Commission an unusual arrangement?

21 A21. No. Currently, investor-owned water utilities, including Cal Water, are subject to
22 several overlapping jurisdictional authorities. This is a very common and
23 ubiquitous part of the industry. Cal Water obtains local franchise agreements for
24 its general operations, but then negotiates among various local, county, and state
25 requirements for project-specific construction, permits, and access to rights-of-
26 way that are often in conflict. For water quality, Cal Water is subject to the
27

28 ²⁰ ORA Report, pp. 16-17.

1 jurisdiction of not only the Commission and the State Water Resource Control
2 Board's Division of Drinking Water, but of the federal Environmental Protection
3 Agency. ORA's expectation that jurisdiction be "clear-cut" in order for the
4 Commission to grant a CPCN is at odds with the complex reality in which utilities
5 operate.

6
7 Q22. Do you agree with ORA's interpretation of language in the Contract providing
8 that the federal government is not bound to accept any new regulation inconsistent
9 with federal laws or regulations?

10 A22. No. It is my experience that it is not unusual for the federal government (or any
11 party for that matter) to include Contract language stating that it will not act in a
12 manner that conflicts with or is inconsistent with existing federal laws and
13 regulations.

14
15 Q23. Are ORA's concerns – over possible inconsistencies between Commission
16 regulations and federal laws or regulations – misplaced?

17 A23. Yes. The conflict that ORA envisions is premised on an unlikely situation where
18 the Commission has ordered Cal Water to act in a manner that is inconsistent with
19 established federal laws or regulations. I cannot imagine that such an outright
20 conflict would ever arise. Specifically, ORA states, "Because the above language
21 indicates that the government is not bound to accept any new regulation
22 inconsistent with federal laws or regulations, ORA is concerned that conflicts may
23 arise during the 50-year Contract term where the federal government disagrees
24 with laws or regulations enacted in California. If so, the Commission's authority
25 may be weakened or disregarded."²¹ However, this is an incorrect interpretation
26 of this provision in the Travis Contract, which does not apply when Travis AFB,
27

28 ²¹ ORA Report, p. 6, lines 20-24.

1 as an individual party, disagrees with laws or regulations enacted in California.
2 Instead, the Contract language discusses only when new California regulations are
3 inconsistent with already existing federal laws or regulations.
4

5 **VII. DILIGENCE AND ALLEGED DEFICIENCIES**

6 Q24. What risk assessment or due diligence did Cal Water engage in prior to accepting
7 the Travis Contract?

8 A24. Contrary to ORA’s characterization of Cal Water’s risk assessment and due
9 diligence efforts, Cal Water spent four years in discussions with the Department
10 of Defense prior to entering into the Travis Contract. During that period, Cal
11 Water performed certain due diligence, including site visits to Travis and review
12 of available documents. The opportunity for due diligence provided to Cal Water
13 is not inconsistent with the amount of due diligence Cal Water is often able to
14 undertake with other acquisition opportunities it pursues. As part of its due
15 diligence, Cal Water determined that the risks associated with the Travis system
16 were consistent with the types of risks Cal Water faces in its other service areas.
17

18 Q25. What is your response to ORA’s contention that Cal Water’s application is
19 “deficient” because it “does not address the other [Public Utilities Code 1002]
20 factors [besides community values] at all” except for the statement that the
21 application is exempt from the California Environmental Quality Act (“CEQA”)?

22 A25. ORA’s statement is incorrect because there is nothing more to address. As
23 previously indicated, the application is exempt from CEQA because it involves
24 “negligible or no expansion of an existing use.”²² Therefore, there is no impact to
25 the CEQA-related factors. ORA does not identify any issues with the specific
26 factors that need to be considered – because there are none under the current
27

28 ²² Application, p. 10.

1 application.

2
3 **VIII. INITIAL SYSTEM DEFICIENCY CORRECTIONS**

4 Q26. What are the Initial System Deficiency Correction (“ISDC”) schedule projects?

5 A26. The purpose of the ISDC/Upgrades/Connections and Renewal and Replacement
6 Plan (“ISDC/RR Plan”) is to delineate a program for Travis AFB to attain the
7 standards required by the Commission and maintained by Cal Water for its safe,
8 dependable and reliable utility systems. These projects are expected to be
9 implemented during Years 1-5 after transfer of ownership over the water system
10 assets. These are projects that the federal government described in its solicitation
11 as “necessary to reach standards typically maintained by the Contractor on its
12 utility systems or to ensure compliance with applicable law.”²³

13
14 Q27. How were the costs of each of the ISDC projects developed?

15 A27. Cost estimates for ISDCs were developed by a Professional Engineer (CA) with
16 the detailed assistance of a local general construction contractor who works with
17 public agencies including the Air Force. Unit costs were taken from recent low
18 bid construction awards from local agencies, and checked with Northern
19 California general accepted unit prices.

20
21 Q28. What is your response to ORA’s recommendations with respect to the ISDC
22 projects?

23 A28. Cal Water is in agreement with ORA with respect to both the need for and cost of
24 two of the proposed ISDC projects: (1) ISDC #4 – Reconfigure Existing Piping
25 for Reservoir 3 (\$12,500) and (2) ISDC #7 – Independent Water Quality
26 Monitoring System (\$65,900). However, regarding projects that have an estimate
27

28 ²³ Attachment 1, Solicitation, p. 24.

1 completion date of more than 12 months, ORA states that “it is premature to
2 consider the need and cost in this application.”²⁴

3
4 Q29. Why is it not necessary to consider the need and cost for all of the ISDC projects
5 in this application?

6 A29. It is not necessary to do so because this CPCN application would establish rates
7 that will be in effect for less than two years, just until new GRC rates are applied
8 beginning January 1, 2020. The ISDC projects included in the Contract schedule
9 for later completion can be considered by the Commission in Cal Water’s 2018
10 GRC application. In the period between the time that Cal Water takes over the
11 Travis system, and the Commission approval of Cal Water’s 2018 GRC, Cal
12 Water will simply make the necessary capital improvements consistent with its
13 obligations to provide safe and reliable water service to its customers; an
14 approach consistent across all Cal Water service areas.

15
16 **IX. THE POSSIBILITY OF ADDITIONAL CUSTOMERS**

17 Q30. Please discuss the September 28, 2017 letter from Hunt Company Inc. (“Hunt”)
18 discussed by ORA.

19 A30. On September 21, 2017, I received an email from a colleague on an unrelated
20 project, introducing me to James Dobbie of Hunt. I had a telephone call with Mr.
21 Dobbie during the week of September 24, 2017, and received a letter from him on
22 September 28, 2017 inquiring of Cal Water’s interest and ability to serve the
23 Georgetown Housing development adjacent to Travis (“Hunt Letter”). A copy of
24 the Hunt Letter, including the transmittal email, is attached to this rebuttal
25 testimony as Attachment 2. In the September 28, 2017 letter, Mr. Dobbie states,
26 “We understand that water service to Georgetown may eventually come under the
27

28 ²⁴ ORA Report, p. 14, line 12.

1 jurisdiction of California Water Systems [sic]. In that instance, we would be
2 interested in obtaining service from your company as soon as you are authorized.”

3
4 Q31. What is the significance of the Hunt Letter?

5 A31. The September 28, 2017 letter from James Dobbie affirms the possibility that
6 future water service may be provided to entities other than Travis, whether on
7 Travis AFB or off the AFB. This is why ORA is wrong in its assertion that the
8 Travis District is a single customer system and does not require Commission
9 approval. However, the possibility of Cal Water serving Georgetown is not part
10 of the proposed service area under the current Application at this time. Rather,
11 Cal Water would seek Commission approval to expand its service area to
12 Georgetown in the future if and when appropriate. To the extent that ORA cites
13 the Hunt Letter with respect to the community values, the letter shows that the
14 Hunt Company properties are supportive of Cal Water’s proposal.

15
16 Q32. Is Cal Water changing the boundary of the proposed service area to include areas
17 adjacent to Travis AFB?

18 A32. No. The current application for a CPCN includes a proposed service area that
19 serves only the Travis AFB at this time. Therefore, there is no need to amend the
20 application at this time.

21
22 Q33. If Cal Water seeks to provide water service to the Hunt Company as part of the
23 proposed Travis District in the future, how would it seek Commission approval to
24 provide that service?

25 A33. First, the Commission and water utilities are subject to Section 1001 of the Public
26 Utilities Code, which states:

27
28 “No railroad corporation whose railroad is operated primarily by electric

1 energy, street railroad corporation, gas corporation, electrical corporation,
2 telegraph corporation, telephone corporation, water corporation, or sewer
3 system corporation shall begin the construction of a street railroad, or of a
4 line, plant, or system, or of any extension thereof, without having first
5 obtained from the commission a certificate that the present or future public
6 convenience and necessity require or will require such construction.

7
8 This article shall not be construed to require any such corporation to
9 secure such certificate for an extension within any city or city and county
10 within which it has theretofore lawfully commenced operations, or for an
11 extension into territory either within or without a city or city and county
12 contiguous to its street railroad, or line, plant, or system, and not
13 theretofore served by a public utility of like character, or for an extension
14 within or to territory already served by it, necessary in the ordinary course
15 of its business. If any public utility, in constructing or extending its line,
16 plant, or system, interferes or is about to interfere with the operation of the
17 line, plant, or system of any other public utility or of the water system of a
18 public agency, already constructed, the commission, on complaint of the
19 public utility or public agency claiming to be injuriously affected, may,
20 after hearing, make such order and prescribe such terms and conditions for
21 the location of the lines, plants, or systems affected as to it may seem just
22 and reasonable.”²⁵

23
24 Second, the Commission has well established procedures for contiguous additions
25 to water utility service areas which is used by Cal Water and other regulated water
26 companies. These procedures are commonly used when a developer establishes a
27

28 ²⁵ Pub. Util. Code § 1001.

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new housing subdivision outside the water company's existing service area and requests that the water company provide service to that nearby service area. In the case of Georgetown, Cal Water would follow those existing Commission procedures to expand its service area to Georgetown.

Q34. Does this conclude your testimony?

A34. Yes it does.

ATTACHMENT 1

2. CONTRACT NO. 3. SOLICITATION NO. **SPE600-12-R-0826** 4. TYPE OF SOLICITATION [] SEALED BID (IFB) [X] NEGOTIATED (RFP) 5. DATE ISSUED **28 SEPT 12** 6. REQUISITION/PURCHASE NO. SP0600-12-9524

7. ISSUED BY CODE **SP0600** 8. ADDRESS OFFER TO (If other than item 7)
DEFENSE LOGISTICS AGENCY ENERGY
8725 JOHN J. KINGMAN ROAD, SUITE 3830
FT. BELVOIR, VA 22060-6222
OFFICER/SYMBOL: Patti J. Rivera/DLA Energy-FEEBA
(703) 767-1348
FAX: (703) 767-8506 Email: patti.rivera@dla.mil P.P. 8.2
DEFENSE LOGISTICS AGENCY ENERGY
8725 JOHN J. KINGMAN ROAD, SUITE 3830
FT. BELVOIR, VA 22060-6222
Heather Jennings/DLA Energy-FEEBA
703-767-2317
FAX: (703) 767-8506 Email: heather.jennings@dla.mil

NOTE: In sealed bid solicitation "offer" and "offeror mean "bid" and "Bidder".

SOLICITATION 9. Sealed offers in original hard copy and 4 (CD) copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if hand carried, in the depository located in **ROOM 3830** until **3:00 PM EST** local time 01/04/2013

Caution - Late Submissions, Modifications, and Withdrawals: See Section L. Provision No. 52.215-1. All offers are subject to all terms and conditions contained in this solicitation.

10. FOR INFORMATION CALL: A. NAME: Patti Rivera B. TELEPHONE NO. (Include Area Code) (NO COLLECT CALLS) **(703)767-1348**

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NOTE: ITEM 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees, if this offer is accepted within **300** calendar days (60 calendar days unless a different period is inserted by the offer) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.

13. DISCOUNT FOR PROMPT PAYMENT (See section I, Clause No 52.232-8)

10 CALENDAR DAYS	20 CALENDAR DAYS	30 CALENDAR DAYS	CALENDAR DAYS
%	%	%	%

14. ACKNOWLEDGMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the solicitation for offerors and related documents numbered and dated.)

AMENDMENT NO.	DATE	AMENDMENT NO.	DATE

15A. NAME AND ADDRESS OF OFFEROR CODE FACILITY CAGE CODE- 16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print) FAX #

15B. TELEPHONE NO. (Include area code) 15C. CHECK IF REMITTANCE ADDRESS [] IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE 17. SIGNATURE 18. OFFER DATE

AWARD (To be completed by Government)

19. ACCEPTED AS TO ITEM NUMBERED 20. AMOUNT (EST) 21. ACCOUNTING AND APPROPRIATION

22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: [] 10 U.S.C. 2304(c)() [] 41 U.S.C. 253(c)() 23. SUBMIT INVOICES TO ADDRESS SHOWN IN (4 copies unless otherwise specified) ITEM

24. ADMINISTRATION BY (If other than Item 7) CODE 25. PAYMENT WILL BE MADE BY CODE

26. NAME OF CONTRACTING OFFICER (Type or print) **PATTI J. RIVERA** 27. UNITED STATES OF AMERICA (Signature of Contracting Officer) *Patti J. Rivera* 28. AWARD DATE **9/27/2012**

SECTION B

Supplies or Services and Prices/Costs

B.1 Systems to be Privatized

The utility system shown below represents the utility system included in this solicitation for privatization:

Installation, State	Utility System
Travis AFB, CA	Water

B.2 Schedules

B.2.1 Schedule B-1 Regulated Tariff ^a

Available to offerors proposing regulated rates.

CLIN	Supplies/Services	Qty	Unit	Unit Price	Total
0001	Utility Services Charge FP The unit price is the Applicable Tariff(s) less the monthly credit as payment for the purchase price plus the recoverable portion of the purchase price. Applicable Tariff \$ Monthly Credit for PP \$ # of Months Interest Rate % Recoverable Portion of PP \$ # of Months Interest Rate % Unit Price \$		Months	\$	\$
0002	Initial System Deficiency Corrections/ Upgrades/Connection Charges ^b FFP			\$	\$
0003	Transition Period FP		Each	\$	\$

^a Utility system to be filled in by the Offeror. A Schedule B-1 must be completed for each utility system offered. Utility systems are shown in paragraph B.1, *Systems to be Privatized*. Offerors shall provide a comprehensive description of proposed tariffs in their Price Proposals.

^b CLIN 0002 is required only if the tariff provides for separate identification of initial system deficiency corrections and connection charges. If separate identification is not provided, it will be assumed the tariff rate includes these costs.

B.2.2 Schedule B-2 Fixed Price Economic Price Adjustment ^a

Available to offerors proposing a Fixed Price Economic Price Adjustment (FPEPA)

Utility System: _____					
CLIN	Supplies/Services	Qty	Unit	Unit Price	Total
0001	Utility Services Charge		Months	\$	\$
	FPEPA				
	The unit price is the Utility Services Charge less the monthly credit as payment for the purchase price (PP) plus the recoverable portion of the purchase price.				
	Utility Services Charge \$				
	Monthly Credit for PP \$				
	# of Months				
	Interest Rate %				
	Recoverable Portion of PP \$				
	# of Months				
	Interest Rate %				
	Unit Price \$				
0002	Initial System Deficiency Corrections/ Upgrades/Con FFP			\$	\$
0003	Transition Period FFP		Each	\$	\$

^a Utility system to be filled in by the Offeror. A Schedule B-2 must be completed for each utility system offered. Utility systems are shown in paragraph B.1, *Systems to be Privatized*.

^b The offeror should enter the Utility Services Charge, as computed in Price Data Sheet 1.

B.3 Price Data Sheets

Offerors must complete the applicable Price Data Sheets that are consistent with their proposed pricing methodology:

B.3.1 Price Data Sheet 1 – Utility Services Charge

Component	Monthly Charge
1. Operations and Maintenance (O&M)	
2. Renewals and Replacements (R&R)	
Total Utility Services Charge (to be entered into CLIN 0001 for Schedule B-1 (if applicable) and Schedule B-2)	

B.3.3 Price Data Sheet 3 – Initial System Deficiency Correction(s) / Upgrade(s) / Connection Charge(s) / Transition Period

Project Name	Interest Rate	Project Cost (Current \$)	Project Start Month	First Full Month Project will Be In Service	Amortization Period (Months)	Monthly Charge

B.3.4 Price Data Sheet 4 – Recoverable Portion of Purchase Price

Item	Interest Rate	Amount	Amortization Period (Months)	Monthly Charge
Recoverable Portion of Purchase Price				

Section C

Description/Specifications/Work Statement

C.1 Precedence

In accordance with FAR 52.215-8, any inconsistency in this solicitation or contract shall be resolved by giving precedence in the following order: (a) The Schedule (excluding the specifications); (b) Representations and other instructions; (c) Contract clauses appearing in the solicitation or contract; (d) Contract clauses incorporated by reference; (e) Other documents, exhibits, and attachments; and (f) the specifications. Additionally, the terms and conditions of Sections A through K, including the Section J attachments, shall take precedence over any inconsistent provisions contained within portions of the Contractor's proposal incorporated in or made exhibits to the Contract. Exceptions not specifically identified by the Contractor in its proposal in accordance with the requirements of Section L of the solicitation and expressly accepted by the Contracting Officer in writing shall not be deemed to be part of the Contract and shall not be binding on the Government.

C.2 Authority, Scope, and Program Goal

C.2.1 General

The Government is conveying the utility system(s) identified in this solicitation. Subsequent to the conveyance of the utility system(s), the Government will acquire the corresponding utility service(s) from the Contractor as the new owner of the system(s). The Government is requesting proposals for the purchase of the utility system(s) listed in Section B.1, the conveyance of the infrastructure, and the acquisition of the identified utility service(s). The conveyance of the utility system(s) and the acquisition of utility service(s) are both subject to the terms and conditions of this solicitation. The Government will consider the purchase of commodities with the privatization offer(s) on a case-by-case basis.

C.2.2 Authority

Utilities privatization consists of two transactions: 1) the conveyance of the utility infrastructure via a Bill of Sale; and 2) the acquisition of utility services on the privatized system(s) via a utility services contract. The conveyance of the utility system(s) is a property disposal action, in accordance with 10 U.S.C. §2688, and is not covered under the FAR. The acquisition of utility services is a FAR Part 41 acquisition. The purchase of utility services is an acquisition and will be governed by the FAR and its applicable supplements.

C.2.3 Scope

The Government seeks a Contractor to assume ownership of the utility system(s) and infrastructure specified in Section B.1, *Systems to be Privatized*, (the "system(s)" or "utility system(s)"), and as the new owner, to operate and maintain the systems and provide utility services to the Government. Assumption of ownership and provision of utility services shall be performed in accordance with all terms, conditions, and special contract requirements, specifications, attachments, exhibits, and drawings contained in this solicitation or incorporated by reference.

Offerors are not required to offer on all of the utility systems specified in the Schedule unless otherwise specified in the Section J Attachments. Offers may be submitted on individual system(s) or on groups of systems on an all or none basis. However, for grouped proposals, the Government reserves the right to consider any efficiencies and/or cost savings that may be achieved by awarding multiple systems to a single offeror. For all offers, whether grouped or not, the offeror shall provide a separate price schedule for each utility system. Offers on grouped systems that do not include a separate price schedule for each utility system will not be considered for award. For purposes of the economic comparison required by 10 U.S.C. §2688, each system will be evaluated separately. Offerors are advised that if any individual

system within a grouped offer does not satisfy the economic criteria for award that grouped offer will not be considered for award.

C.2.4 Program Goal

The desired goal of the conveyance is to transfer all rights, title, and interest of the Government in and to the utility system(s) listed in the Schedule. Consequently, the Government will retain no reversionary interests in the utility system(s) sold, other than the terms regarding the repurchase option and rights of access. The transfer of title will be accomplished after contract award and full transfer is the intended and preferred consequence. The utility system(s) being sold includes equipment, fixtures, structures, and other improvements utilized in connection with the utility system(s), which will be more specifically described in the Bill of Sale. The divestiture will not include the real property upon, under, or around the utility system(s). The sale will be documented by a Bill of Sale, see sample at Reference JR1 to this RFP. In addition to the sale of the utility system identified in the Bill of Sale, the Government will also acquire utility services from the transferee.

C.2.5 Utility Systems

Attachments are included in Section J for the utility system(s) listed in Section B.1 and are herein referred to as “utility-specific attachments.” Each utility-specific attachment provides details specific to each Installation utility system and requirement. Upon contract award(s), the appropriate attachments will be included in the contract and the others will be removed.

C.2.5.1 The property being sold in this action will be as described in the utility-specific attachments of the solicitation. The system will be sold in an “as is, where is” condition without any warranties, representations, or obligation on the part of the Government to make any alterations, repairs, or improvements. Any proposal that offers an alternative description of the property being sold may be deemed technically unacceptable.

C.3 Requirement

C.3.1 Utility Services Requirement

Subject to the terms and conditions in this RFP, the Contractor (a.k.a. “System Owner”) shall furnish all necessary labor, management, supervision, permits, licenses, certifications, equipment, supplies, materials, transportation, and any other incidental items or services required for the complete ownership of and provision of utility services via these utility systems, including operation, maintenance, repair, upgrade, and improvement of the systems.

The Contractor shall provide reliable and dependable utility services to each Government or tenant connection within the service area (see Section C, *Service Area*) 24 hours each and every day. The Contractor shall be responsible for providing capital investments and all other resources required to own, maintain, and operate its utility system(s) in a safe and reliable condition, and to meet all the requirements listed herein.

Access to the utility system(s) will be as specified in Section C, *Access to the Utility System*.

C.3.2 Performance Standards

The Contractor shall ensure adequate and dependable utility service(s) to all facilities and equipment served. Unless otherwise provided for in this contract, the Contractor shall provide utility service(s) in accordance with industry-standard construction, operations, maintenance, management, environmental, safety, and other relevant standards, that apply to similarly situated utility services providers serving customers whose service characteristics are comparable to the service characteristics of the Installation. The Contractor shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of the Contractor and without its fault or negligence such as, acts of God or the public enemy, acts of the Government

in its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, and unusually severe weather. The Contractor shall notify the Contracting Officer in writing as soon as it is reasonably possible after the commencement of any excusable delay, setting forth the full particulars in connection therewith, shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the Contracting Officer of the cessation of such occurrence.

Services provided shall comply with all applicable Federal, state, and local laws/regulations and any Installation specific requirements set forth in the utility-specific attachments, as they may be amended from time to time, including those requirements relating to health, safety, and the environment. The Contractor shall modify its service practice as necessary to accomplish such compliance.

If a change in the service requirement necessitated by compliance with later imposed/modified laws and regulations or Installation requirements constitutes reasonable cause for an adjustment to the service charge, the charge will be adjusted in accordance with FAR 52.243-1, *Changes - Fixed-Price-Alt 1* or FAR 52.241-7 *Changes in Rates or Terms and Conditions of Service for Regulated Services* as applicable.

C.3.3 Sub-Metering

The Contractor shall be responsible for reading, maintaining, and calibrating all sub-meters on the privatized utility system(s), as identified in the utility-specific attachments. The Government will use sub-meters for internal installation billing purposes, commodity management, and energy conservation purposes. Meter reading reports shall be submitted to the recipient identified in the utility-specific attachments.

All costs for providing, installing, reading, reporting, and maintaining the existing and additional meters shall be the responsibility of the Contractor.

C.3.3.1 Future Sub-Meters

The Contractor shall provide, install, read, maintain, and calibrate sub-meters requested by the Government for any purpose throughout the contract period. Installation of and responsibility for future sub-meters (not on the system at the time of sale *or* identified for installation as part of the contract) may constitute reasonable cause for an initial installation charge and a utility service charge adjustment in accordance with Section G.

C.3.4 Energy and/or Water Efficiencies and Conservation and Renewable Energy Generation

The Contractor shall strive to provide energy and/or water efficient systems. In addition, the Contractor will facilitate interconnection of new or existing renewable energy generation assets that are located on the installation, whether the Government or a third party is the owner/operator of any such generation assets. The Government has an established program for conducting and implementing energy and/or water savings, conservation projects, and renewable energy generation projects to reduce utility usage, costs, and to obtain other benefits including mandated levels of renewable energy usage and reduction of emissions. Some of these have resulted in the Government entering into long-term financing arrangements with non-Government entities. The utility-specific attachments identify any such energy and/or water savings projects that are currently in place for the specific utility system.

The Contractor agrees to take no action that will negatively impact these utility conservation projects without prior approval of the Contracting Officer. Additionally, the Government reserves the ability to enter into any future energy and/or water savings projects with the goal of reducing Government costs. Projects implemented by the Government that will require changes in the privatized system shall be coordinated between the parties prior to implementation.

If, after award, additional efficiency System Deficiency Corrections (SDCs)/Upgrades projects are identified by the Contractor, they shall be proposed to the Government in accordance with Section C, *SDCs/Upgrades/Connections and Renewals and Replacements*. The Government may consider cost-savings sharing and incentives either through utility services charge adjustments or lump-sum payments.

C.3.5 Commodity Supply

Electric, natural gas, and water commodity supply is not included in this contract, even if any production facilities are included as part of the system to be conveyed. The Government retains the right to procure or supply any commodity that will be transported on the system(s) covered by this contract from any source, including the Contractor if the Contractor proposes to supply the commodity via an alternate proposal. In accordance with FAR 41.102, natural or manufactured gas cannot be procured under this solicitation.

Offerors may submit an alternate proposal that includes the supply of commodities (See Section L, *Alternate Proposals and Exceptions to Terms and Conditions*). Such offers will be considered on a case-by-case basis. The Government will remain the customer of record and retain ownership of all commodities transported and distributed through the Contractor-owned systems unless otherwise provided in the contract.

C.4 Service Area

The service area is defined as all areas within the Government installation boundaries and any other facilities and property boundaries under the control of the Installation. Within the service area and upon the Government's request, the Contractor shall provide utility services to all existing and new customers. At any time, by written order, the Contracting Officer may designate any location within the service area where utility services under this contract shall commence or be discontinued. Any service charge adjustment as a result of these actions will be in accordance with Section G.

C.4.1 Use of Distribution Systems to Serve Areas Outside the Installation Service Area

The Contractor may use the utility infrastructure on the Installation to serve or benefit areas or customers outside the service area(s) only with concurrence of the Government. Compensation to the Government will be negotiated. In no way shall service to off-installation customers degrade or hinder reliable service, or create unhealthy, unsafe, or unacceptable outages to the Government's facilities.

C.4.2 Joint Use

C.4.2.1 Government Use

The Government may have property and equipment installed on or attached to poles, conduits, pipes, duct banks, towers, buildings, and other portions of the utility systems to be transferred. The Government reserves the right to continue to use the property to be transferred for this purpose, to enter on the transferred property to maintain, repair, operate, upgrade, and replace its property and equipment, and to install new Government equipment. Any upgrade or replacement of such installed or attached property shall be made only after coordinating with the Contractor. Any upgrade or replacement of such installed or attached property shall comply with all applicable safety regulations.

Attachment fees shall not apply. However, costs of any make-ready work related to safety requirements may be recovered under the contract. All attachments will be coordinated with the Contractor prior to the attachment.

C.4.2.2 Commercial Use

C.4.2.2.1

The Contractor shall enter into joint use agreements with the Installation's telephone company, cable television company, and other service providers in accordance with applicable law and regulation.

C.4.2.2.2

Certain system components may have third party equipment attached pursuant to a lease or other contractual arrangement between the third party and the Installation. The Contractor will take ownership of these components subject to such lease(s), with any revenue continuing to accrue to the Installation until the lease(s) expire or are otherwise terminated at the discretion of the Installation. Any new lease(s), lease extensions, or other arrangements between the Contractor and any third party to permit attachment of third party equipment to system components must be approved by the Installation and may be subject to revenue sharing, all of which must be negotiated with the Installation under separate agreement. The Installation considers cellular telephone antennae to be mission-essential equipment and requests for permission by a third party to attach such equipment to the Contractor-owned components shall not be unreasonably withheld, or subjected to unreasonable fees.

C.5 Utility System Ownership, Personnel, and Security

C.5.1 Utility System Ownership

C.5.1.1 Transfer of Title

A general description of the utility system(s) assets to be transferred is included in the utility-specific attachments. Prior to the transfer of title, such facilities shall continue to be owned by the Government. Transfer of title shall be accomplished by Bill of Sale, with access provided via the Right of Access granted in the Contract. The Bill of Sale shall provide the complete list of all assets to be sold.

The Contractor shall neither transfer nor assign its interests in the utility system(s) assets transferred by Bill of Sale without the prior written consent of the Government. No transfer or assignment of the Contractor's interests in the utility system(s) assets transferred by Bill of Sale shall occur except in connection with the Government's recognition of a successor in interest to this contract under FAR 42.1204.

An example of the Bill of Sale is provided in Section J, *Attachment JRI*. The parties shall prepare and execute such additional documents as may be necessary to implement the ownership transfer.

C.5.1.2 Tools, Vehicles, and Equipment

Unless listed in the final Bill of Sale, Government-owned tools, vehicles, and equipment used for system operations and maintenance that are not a physical part of the utility system will remain the property of the Government.

C.5.1.2.1 Radiation Causing Devices

The Contractor shall provide the Government with notice that it has obtained all licenses required by Federal laws and regulations for all licensed or licensable radiation source or byproduct materials and provide the Government copies of the licenses. The Government may deny the use or storage of any radiation source or byproduct material on the Installation. The Contractor shall comply with the terms of the licenses and all applicable Federal laws and regulations when maintaining, storing, utilizing, and disposing of radiation source or byproduct materials.

C.5.1.3 Placement of Utility System

The Contractor shall comply with requests from the Installation regarding the placement of new or renewal utility systems either overhead or underground, unless to do so would cause the Contractor to violate any applicable law or regulation or would be inconsistent with sound utility operational practices.

Requests for placement that differ from normal utility practice may constitute a reasonable cause for an equitable adjustment in accordance with Section G.

C.5.1.4 Contractor Facilities

The Contractor, at its expense, shall acquire, furnish, install, and operate and maintain all facilities required to provide the utility service(s) hereunder. The Contractor shall have title to all facilities it builds and equipment it installs under this contract, except as otherwise specifically provided. If available and at the Government's sole discretion, the Contractor may be permitted to either build or lease office space, maintenance shops, materials storage/staging areas, or other facilities on the Installation.

The Contractor shall be responsible for acquiring all utilities, janitorial services, building maintenance, and ground maintenance for these facilities. The Government may, if its capabilities permit, consent to provide certain of these services to the Contractor on a reimbursable basis, as defined in the utility-specific attachments.

New construction or remodeling of existing facilities shall comply with the Installation's architectural standards and be fully coordinated with the Installation prior to beginning construction (see utility-specific attachments for list of available facilities).

C.5.1.5 Record Drawings

The Contractor shall maintain record drawings for all existing and new facilities installed by the Contractor within the service area. Upon reasonable request and with reasonable notice, the Government may use and copy such drawings. The Contractor shall provide available drawings to the Government in the electronic media formats using the latest release software compatible with Government systems at no cost to the Government. The Contractor will also provide information to allow for updates to the Installation Geographical Information System (GIS). The Contractor shall identify changes to and update utility system maps in both hard copy (full size) and electronic media formats to ensure delineation of all Contractor facilities within one year of the contract start date and annually thereafter as necessary in conjunction with submission of the Annual SDC/Upgrades/Connections and R&R Plan.

C.5.1.6 Disposition of Removed or Salvaged Materials

The removal and disposition of facilities and materials that are not used and useful for the purpose of providing utility service(s) shall be the responsibility of the Contractor. The Contractor shall notify the Contracting Officer or designated representative when removing hazardous substances in accordance with Section H, *Hazardous Substances* and the Specific Service Requirements outlined in the utility-specific attachments. Abandoned plant items not identified on existing maps but found during operations shall be documented on the drawings. In order to prevent hazardous conditions, the Contractor shall be responsible for ensuring that no interconnections exist between abandoned and utilized facilities.

C.5.1.7 Liens and Mortgages

The Contractor shall not engage in any financing or other transaction creating any mortgage upon any Government property, place or suffer to be placed upon Government property any lien or other encumbrance, or suffer any levy or attachment to be made on the Contractor's interest in any easement or right of access to Government property. For the purposes of this clause, property shall include, but not be limited to: fee, lease, license, personal property, or any authorized Government use or interest in property.

C.5.2 Personnel

For purposes of this contract, the term "personnel" or "employee(s)" refers to any person performing work related to this contract, including but not limited to, the Contractor's employees, agents, representatives, or subcontractors. The Contractor shall not permit any personnel to work under this contract if such person is identified to the Contractor as a potential threat to the health, safety, security, general well-being, or operational mission of the Installation or population. All personnel will comply with Installation security, health, and safety conditions.

The Contractor will allow the Installation to review on a continuing basis a listing of all personnel engaged in providing utility services to the Installation. The listing will provide sufficient information on all personnel to allow precise Government identification of each individual.

C.5.2.1 Speaking, Reading, and Understanding English

Where reading, understanding, and discussing environmental, health, and safety warnings are an integral part of an employee's duties, that employee shall be able to understand, read, write, and speak the English language fluently. All personnel that interface with customers shall be able to speak and understand the English language fluently.

C.5.2.2 Personnel Appearance and Identification

The Contractor's personnel shall present a neat appearance and be readily recognized as Contractor personnel. As required by the Installation, the Contractor shall ensure each employee obtains from Security Forces an identification card that shall include at a minimum the employee's name, photograph, and Contractor's name. Each employee shall follow established Installation procedures for displaying their identification card while within the boundaries of the Installation.

C.5.2.3 Employee Certification

The Contractor shall ensure that employees meet all applicable federal, state, local, and Installation certification, licensing, and medical requirements to perform all assigned tasks and functions as defined in this contract.

C.5.2.4 Installation's Rules Apply to the Contractor

Rules, regulations, directions, and requirements issued by the Installation, or other command authorities, under their responsibility for good order, administration, and security, including Specific Service Requirements as outlined in the utility-specific attachments, apply to all personnel who enter the Installation or who travel by Government transportation.

C.5.2.6 Controlled Access Areas

The Contractor shall apply for personnel security clearances required for performance after the contract is awarded. Personnel requiring access to secured areas or restricted areas under the control of the Installation shall comply with applicable regulations. The Government reserves the right to terminate the entry of any employee upon disclosure of information that indicates the individual's continued entry to the Installation is not in the best interests of national security. Additionally, violation of, or deviation from, the established security procedures by the Contractor's personnel may result in the confiscation of identification media and the denial of future entry to the Installation.

C.5.2.7 Conflict of Interest

The Contractor shall not knowingly employ any person who is a U.S. Government employee if employing that person would create a conflict of interest. Additionally, the Contractor shall not knowingly employ any person who is an employee of the Government, either military or civilian, unless such person seeks and receives written approval according to DOD 5500.7-R, *Joint Ethics Regulations (JER)*.

C.5.2.8 Employment of Military Personnel

The Contractor is cautioned that off-duty active military personnel hired under this contract may be subject to permanent change of station, changing duty hours, or deployment. Military reservists and National Guard members may be subject to recall to active duty. The abrupt absence of these personnel could adversely affect the Contractor's ability to perform. However, their absence at any time shall not constitute an excuse for nonperformance under this contract.

C.5.2.9 Employment of Quality Assurance Representative Personnel

The Contractor is prohibited from employing Quality Assurance Representatives (QAR) whom the Contractor knows or should know are responsible for monitoring any contracts/subcontracts awarded to the Contractor.

C.5.3 Contractor Vehicles

All Contractor vehicles shall be readily identifiable. Identification shall include displaying Contractor name in a clear and unobstructed location on the vehicle.

C.5.4 Contractor Communications Devices

Prior to operating communications devices on the Installation, the Contractor shall obtain approval of the Installation Communication Group by requesting an available clear frequency. The Contractor shall follow all Installation procedures for operating communications devices on the Installation in accordance with Department of Defense FAR Supplement (DFARS) 252.235-7003, *Frequency Authorization*.

C.5.5 Contractor Advertising

The Contractor shall not place or display (nor permit a third party to place or display) advertising of any kind on Government property or on the Contractor's property located on the Installation. Reasonable markings on the Contractor's property, including vehicles, for the purpose of identifying it as the Contractor's property are permitted.

C.6 Access to the Utility System

C.6.1 General

C.6 Access to the Utility System

C.6.1 General

The Contractor and its agents, employees, Contractors, and subcontractors shall have reasonable access to the Installation (Premises) to accomplish its duties and responsibilities under the Contract. Such access is subject to the general supervision and control of the Installation's commander and his duly authorized representatives. In accepting the rights, privileges, and obligations established hereunder, the Contractor recognizes that the Installation serves the national defense and that the Government will not permit the operation, construction, installation, repair, and maintenance of a utility system and the provision of utility services to interfere with the Installation's mission.

C.6.2 Right of Access

This Installation is an operating military installation that is closed to the public and is subject to the provisions of the Internal Security Act of 1950, 50 U.S.C. § 797, and of 18 U.S.C. § 1382. Access to the Installation is subject to the control of its Installation Commander and is governed by such regulations and orders as have been lawfully promulgated or approved by the Secretary of Defense or by any designated military commander. Any access granted to the Contractor, its officers, employees, Contractors of any tier, agents, and invitees is subject to such regulations and orders. This Right of Access is subject to all regulations and orders currently promulgated or which may be promulgated by lawful authority as well as all other conditions contained herein. Such regulations and orders may, by way of example and not by way of limitation, include restrictions on who may enter, how many may enter at any one time, when they may enter, and what areas of the Installation they may visit, as well as requirements for background investigations, including those for security clearances, of those entering. The Contractor is responsible for the actions of its officers, employees, Contractors of any tier, agents, and invitees while on the Installation and acting under this Right of Access.

In the event all or any portion of the Premises shall be needed by the Government or in the event the presence of the Contractor's property shall be considered detrimental to governmental activities, the Contractor shall, from time-to-time and upon notice to do so, and as often as so notified, remove or relocate its property to such other location or locations on the Premises as may be required by the contracting officer or authorized representative, and in the event the

Contractor's property shall not be removed or relocated within ninety (90) days after any aforesaid notice, the Government may cause the same to be done. Any removal or relocation of the Contractor's property at the direction of the Government under Section C.6.2 shall be at the Government's expense.

The Contractor further recognizes that the operation, construction, installation, repair, and maintenance of the utility system on the Installation may be subject to requirements and approvals not ordinarily imposed by civilian authorities, including, but not limited to, compliance with the National Environmental Policy Act of 1969, as implemented. The Contractor agrees to abide by all applicable regulations.

The Contractor shall neither transfer nor assign this Right of Access nor any interests or rights thereunder without the prior written consent of the Government. No transfer or assignment of the Contractor's rights or interests under this Right of Access shall occur except in connection with the Government's recognition of a successor in interest to this contract under FAR Subpart 42.14.

C.6.2.1 Condition of the Premises

The Contractor is granted access to the Premises in an "as is, where is" condition without any warranty, representation by the Government concerning the condition of the Premises, or obligation on the part of the Government to make any alterations, repairs, improvements, or corrections to defects whether patent or latent. At such times and for such part of the Premises as the Installation Commander may determine, the Government and the Contractor, hereinafter referred to as the "Parties," will prepare and sign a Physical Condition Report to reflect the condition of the Premises prior to the Premises being disturbed by the activities of the Contractor. Such Report shall be used by the Government upon the expiration or termination of this Contract to determine whether the Contractor has fulfilled its obligations to maintain and restore the Premises to the condition required by this Right of Access.

C.6.2.2 Alteration of Premises

If the Contractor's property located on the Premises intrudes into airspace subject to regulation under the Federal Aviation Regulations or their Air Force counterparts, such property shall be operated, constructed, installed, repaired, and maintained in conformance with such regulations.

C.6.2.3 Government Access

Nothing in the Contractor's Right-of-Access shall be interpreted as interfering with or otherwise limiting the right of the Government and its duly authorized officers, employees, Contractors of any tier, agents, and invitees to enter upon the Premises for any lawful purpose.

C.6.2.4 Other Grants of Access

This Right of Access is subject to all outstanding easements, rights of way, leases, permits, licenses, and uses for any purpose with respect to the Premises. The Government shall have the right to grant additional easements, rights of way, leases, permits, and licenses, and make additional uses with respect to the Premises. Provided however, that the Government shall not grant any such additional easements, rights of way, leases, permits, licenses, or uses which will, as determined in the sole discretion of the Government, unreasonably interfere with the Contractor's use of the Premises under this Right of-Access.

C.6.2.5 Reserved

C.6.2.6 Liability for Damages

Any interference with the use of or damage to any real or personal property under the control of the Government incident to the exercise of the rights and privileges granted to the Contractor under this Right of Access shall be promptly corrected by the Contractor to the satisfaction of the Installation Commander. If the Contractor fails to promptly repair or replace any damaged

property after being notified to do so by the Installation Commander, the Government may repair or replace such property and the Contractor shall be liable to the Government for the costs of such repair or replacement.

C.6.2.7 Fire Protection

C.6.2.7.1

The Contractor shall enter into a Memorandum of Understanding (MOU) with the Base Fire Department for fire protection of all facilities included in the purchase of the utility system. The MOU shall be completed during the transition period and a copy provided to the Contracting Officer.

C.6.2.7.2

The Contractor shall abide by Base fire protection requirements. The utility system purchased by the Contractor includes facilities. These facilities may or may not include fire alarm systems. Where required by federal, state, or local regulation, the Contractor shall maintain in the fire alarm system for all facilities owned and operated by the Contractor. The Contractor shall permit Fire Department personnel access to their facilities to perform fire inspections and emergency response.

C.6.3 Restoration of Premises at Expiration or Termination

On or before the date of expiration or termination of this Contract, the Contractor shall vacate the Premises, remove all of its equipment, fixtures, structure, property and improvements of whatever nature from the Premises deemed unnecessary by the Installation Commander for the continued provision of utility services, and restore the Premises to a condition satisfactory to the Installation Commander without additional expense to the Government. Such restoration shall include, if applicable, removal of contamination caused by the Contractor. The Contractor may, upon receipt of the prior written consent of the Government, which consent shall not be unreasonably withheld by the Government, abandon in place any buried conduits, pipes, duct banks, tubes, or wires (Underground Abandoned Utilities), provided that (i) the nature, location, and depth of such Underground Abandoned Utilities are known to the Contractor and shown on the Contractor's records, and (ii) the Underground Abandoned Utilities neither contain any environmental contaminant nor pose an environmental or safety hazard. The Contractor may also, upon receipt of the prior written consent of the Government, which consent shall be granted in the Government's sole discretion, abandon in place all or part of any of the Contractor's other above grade or below grade equipment, fixtures, structures, property and improvements (Other Abandoned Utilities). In the event of a dispute between the Contractor and the Government over whether certain of the Contractor's equipment, fixtures, structures, property and improvements should be characterized as Underground Abandoned Utilities or Other Abandoned Utilities, such equipment, fixtures, structures, property and improvements shall be deemed to be Other Abandoned Utilities for purposes of this Contract.

C.7 Response to Service Interruptions/Contingencies and Catastrophes

The Contractor shall employ sound utility practices to ensure continuous, dependable, and reliable utility services and to minimize the scope and length of any service disruption. If an installation has a specific response time requirement then it will be identified in the utility-specific attachment for each utility system.

In accordance with Section L, *Proposal Preparation Instructions – Volume I: Technical Proposal*, the Contractor shall develop and maintain a Service Interruption/Contingency and Catastrophic Loss Plan. The Plan shall define procedures and provisions for reacting to all service interruptions. The Plan shall address possible causes for interruption including, but not limited to, acts of God or public enemy, natural disasters, human error, equipment failure, vehicular damage, vandalism, employee strikes, cease and

desist orders, and Notice of Violations (NOVs) issued by any regulatory agency. The Contractor may propose standard operating procedures broadly applicable across its customer base as its Plan.

The Contractor shall maintain and update the Plan as necessary and adhere to its requirements throughout the contract term. It shall not be materially altered without the Government's prior consent. However, the Contractor need not seek the Government's consent prior to minor, non-substantive alterations in such procedures.

In the event the Installation has an Emergency Restoration Plan that prioritizes service restoration, the Contractor shall adhere to the priority list established by the Installation's Plan.

C.8 Repair Response Procedures

The Contractor shall identify to the Government and implement clearly defined procedures by which Installation personnel can submit service requests to the Contractor. The Contractor also shall clearly identify any difference in service request procedures that apply to emergency, urgent, and routine matters. The Government will be responsible for disseminating such procedures within the Installation. The Contractor shall provide a service request line with a local or toll-free telephone number by which it can be contacted 24 hours a day, 7 days a week, for service requests. This number will connect the Government to a Contractor representative capable of estimating Contractor repair crew arrival time. When a system condition designation is downgraded to a less severe condition, required response times shall run from the date and time that the initial service call was made.

The Contractor shall maintain records of all service request calls, documenting the time of the call, time of service response, cause of request, and action taken (including time and date completed). Such records shall be retained for two years, and may be reviewed by the Contracting Officer or designated representative upon reasonable notice.

If the service request affects building operations, the Contractor shall coordinate all work with the person responsible for the building or facility. The Government will provide the Contractor with a list of Government representatives and the buildings or facilities for which they are responsible.

C.8.1 Notification Procedures

The Contractor shall have in place mechanisms, means, or procedures by which Installation personnel can submit service requests to the Contractor. If there is an order of precedence of phone numbers for Government personnel to call, the Contractor shall determine and clearly define that precedence. The Contractor also shall clearly identify any difference in service request procedures that apply to emergency, urgent, and routine matters.

The Government will be responsible for disseminating such procedures within the Installation. In addition, the Contractor shall provide to the Contracting Officer or designated representative the name of the local Utility Manager or other responsible person and an alternate with after-hours contacts' telephone numbers.

C.8.2 Emergency Service Requests

An emergency condition is one that is detrimental to the mission of the installation, significantly impacts operational effectiveness, or compromises the safety, health, and life of personnel. Such requests shall include, but are not necessarily limited to, electrical outages, downed power lines, water outages, broken water mains, natural gas outages, natural gas leaks, or wastewater main overflows.

The Contractor shall ensure it is able to receive the Installation's emergency service requests 24 hours a day, every day. Once an emergency request is received, the Contractor shall respond immediately. A representative knowledgeable of the system and the Service Interruption/ Contingency and Catastrophic Loss Plan shall be on the site of the emergency within one hour. Additionally, repair crews appropriately trained to eliminate the condition shall be at the emergency site within two hours. Work will be

continuous until the emergency condition is eliminated or downgraded and service is restored. All emergencies will be remedied or downgraded to a non-emergency status within 24 hours, unless the cost and/or level of effort to do so is unreasonable.. For regulated utilities, the service and its restoration in times of outage for emergency service requests shall be at least equivalent to the service provided to other similar customers.

C.8.3 Urgent Service Requests

An urgent condition is not an emergency but significantly hinders performance of Installation activities and requires elimination of potential fire, health, and safety hazards (for example, environmental controls, non-emergency utility leaks, special requests and events, plumbing problems, downgraded emergency responses, etc.).

Once an urgent request is received, the Contractor shall respond with a representative knowledgeable of the system and the Service Interruption/Contingency and Catastrophic Loss Plan to the site of the request within 24 hours. All urgent requests will be remedied within five calendar days. For regulated utilities, the service and its restoration in times of outage for urgent service requests shall be at least equivalent to the service provided to other similar customers.

C.8.4 Routine Service Requests

A routine service request is one that does not pose an immediate threat to public health, safety, or property, or to a mission or operation conducted at the Installation. Such requests may arise due to situations that, if left uncorrected will cause measurable discomfort or inconvenience to the customer, waste resources, create the need for additional minor repairs, or is aesthetically unpleasant or inconvenient.

The Contractor is not required to respond to the Installation's routine service requests outside normal duty hours. The Contractor may respond to routine service requests outside of normal duty hours at its option and with appropriate coordination. Initial response to any routine service request shall be made within five calendar days, and completed within 30 calendar days of receiving the request. For regulated utilities, the service and its restoration in times of outage for routine service requests shall be at least equivalent to the service provided to other similar customers.

C.9 Coordination of Work

C.9.1 Routine Work

Routine work, such as the scheduled repair, replacement, or removal of system components that require service interruption, shall be coordinated with the Contracting Officer's Representative at least two weeks prior to commencing work to ensure minimal impact to the mission and operations. The Contractor and Government shall each provide a single point of contact for coordination.

Notification shall include date, time of outage, a list of buildings that will be affected, and the estimated time until the service will be restored. The Contractor shall also notify building occupants in advance of an outage.

C.9.2 Routine, Urgent, and Emergency Service Requests

Any routine, urgent, or emergency service request by Government personnel shall be reported to the Contractor's service request line or point of contact. Emergency service requests to the Contractor or emergencies identified by the Contractor shall be identified immediately to the Contracting Officer's Representative.

C.9.2.1.Scheduled Utility Services Interruptions

The Installation reserves the right to reschedule Contractor work requiring service interruption at any time if such interruption might materially adversely affect the Installation's mission and operations. If an interruption is rescheduled, the parties shall coordinate a mutually acceptable alternative time for the

scheduled service interruption. Scheduled utility outages may be required to occur after normal working hours to lessen the inconvenience to Installation mission-critical functions. Only designated Government personnel, in coordination with the Contracting Officer's designated representative may request utility services interruption. The Contractor will refer any other service interruption requests to a designated Government representative.

C.9.3 Construction and Restoration of Site

The Contractor will ensure that proper temporary facilities and controls are in place during any construction and other work it performs that could affect Installation activities. All work must include temporary facilities and control measures to facilitate the flow of vehicular, emergency, and pedestrian traffic to include the following: high-intensity reflective signs, barricades, temporary sidewalks, fencing, and traffic cones. Once work is complete, the Contractor will restore the area to an equal or better condition. Site restoration requires proper waste cleanup, removal, and disposal; replacement of cracked pavement and sidewalks; proper repair and sealing of utility cuts both on improved and unimproved land and roadways; replacement of loam or topsoil; top dressing by hand; lawn bed preparation; hydro air seeding, mulch, fertilizer, and shrub replacement.

C.9.3.1. Excavation Permits

The Contractor shall obtain a written excavation permit from the Contracting Officer or designated representative before commencing any digging or excavation on the Installation. The excavation permit will contain requirements normally applied to similar excavation work on the Installation. The Contracting Officer or designated representative will notify the Contractor as to reasonable time periods for applying for an excavation permit.

C.9.3.2. Underground Utility Location

At the request of the Installation, the Contractor shall be responsible for locating underground utility system components in support of the Installation's excavation permit process. Requests for line location shall be responded to within three working days of the request at no additional cost to the Government.

Information regarding frequency of line locates, underground utility locations, and Points of Demarcation are identified in the utility-specific attachment and/or the Technical Library.

C.9.4 Duty Hours

Normal duty hours shall be Monday-Friday (0730-1600). All routine work shall be accomplished during normal duty hours. The Government must approve deviations from these duty hours.

C.9.5 Coordination Meetings

The Contractor shall be available for meetings as reasonably required by the Contracting Officer or designated representative.

C.9.6 Exercises and Crisis Situations Requiring Utility Support

The Contractor shall respond to Installation emergency and crisis situations and exercises that require utility support. The Contractor shall respond to these events with qualified personnel and equipment as soon as possible after notification. Participation may be in a simulated capacity equal to other participants. In no case will response be longer than those requirements listed in Section C, *Emergency Service Requests*. The Contractor shall advise and assist the on-scene Commander until the event is terminated. Extra work effort under these circumstances may entitle the Contractor to an equitable adjustment in accordance with Section G.

C.9.7 Government Operation

The Contractor shall make the privatized facilities available for Contingencies and Contractor Non-Performance at no cost to the Government for as long as the circumstance requiring Government operation persists. Operation/performance by the Government shall not be deemed a waiver of the

Government's right to pursue any remedies for Contractor non-performance that may otherwise exist under the terms of this Contract.

C.9.7.1. Contingencies

The Government reserves the right to perform or supplement performance of contract functions with Government-designated personnel during periods of disaster, emergency, or other conditions that affect the Installation and prevent the Contractor from fulfilling its obligations under the contract. The Government shall use best efforts to coordinate with the Contractor and obtain authorization before supplementing the Contractor's performance in these circumstances. Such authorization shall not be unreasonably withheld.

C.9.7.2. Contractor Non-Performance

The Government reserves the right to perform or supplement performance of contract functions with Government-designated personnel if the Contractor consistently fails to perform its obligations under the contract, has been notified in writing of failure to perform its obligations, and has not cured the performance failures within a reasonable time.

C.9.8 Plant Control

After obtaining the prior permission of the Contracting Officer's Representative, the Contractor may trim or remove plants and trees that pose a potential hazard to its utility system. In those areas where the plants or trees contribute to historic or aesthetic values and trimming or removing them would be destructive of those values, the Contractor may be prohibited from trimming or removing them. In all instances, plants or trees listed as threatened or endangered under applicable federal, state, interstate, or local law will not be harmed by the activities of the Contractor.

C.10 Environmental Compliance

The Contractor shall comply with all applicable environmental laws and regulations including Installation-specific requirements (collectively, "Environmental Requirements"). Environmental Requirements include any statute, law, act, ordinance, rule, regulation, order, decree, permit, or ruling of any federal, State, and/or local government, or administrative regulatory body, agency, board, or commission or a judicial body, relating to the protection of human health and/or the environment or otherwise regulating and/or restricting the management, use, storage, transportation, treatment, disposal, and/or any release of a hazardous substance, hazardous waste, pollutant, or other material. The Contractor shall provide the Government with advance written notice, of and an opportunity to jointly participate in, meetings (including permit request meetings) with environmental regulatory authorities.

Should implementation of response actions with respect to Environmental Requirements interfere with Contractor's activities under the Contract, such actions may constitute an excusable delay for which Contractor may be entitled to an excuse from performance.

C.10.1 Permit Compliance

Once ownership of the utility system is transferred, the Contractor shall be the party of record for all environmental permits related to operating the system. Thereafter, the Contractor shall be responsible for obtaining any new or revised permits needed to operate and maintain the utility system. The Government shall remain the party of record and retain responsibility for any applicable permits prior to the transfer of ownership, as defined by Section C, *Transition Plan*. For those permits that are not transferable by the Government, the Contractor shall indemnify the Government as provided in Section H.4.1, *Environmental Liability*.

C.10.2 Spill Contingencies

The Contractor shall adopt the procedures of the Installation Spill Contingency Plan or shall submit to the Contracting Officer for review and acceptance a Contractor-developed Spill Contingency Plan. A

Contractor-developed plan shall be prepared in accordance with the National Response Team's Integrated Contingency Plan Guidance (<http://www.epa.gov/emergencies/guidance.htm#oneplan>).

C.10.3 Work in Environmentally Sensitive Areas

The Contractor shall comply with Installation procedures and standards for work in and around environmentally sensitive or contaminated property. Prior to accessing any environmentally sensitive areas, the Contractor shall coordinate with the designated Government Representative.

C.10.4 Environmental Impact Assessments

Modification of the utility system(s) on Government installations may require an Environmental Impact Assessment in accordance with environmental impact analysis processes applicable to the Installation. The Contractor shall be responsible for preparing all documents necessary for conducting this assessment in coordination with the Government.

C.10.5 Hazardous Material and Waste Minimization

Hazardous materials used in utility system operation and maintenance shall be handled in accordance with applicable laws and regulations. Appropriate Material Safety Data Sheets (MSDS) shall accompany all hazardous materials used on the Installation. The Contractor shall submit copies of MSDS to the Contracting Officer's Representative and retain a copy of each MSDS on-site. The Contractor shall maintain a viable hazardous waste minimization program that includes making every effort to identify and utilize non-hazardous or less hazardous materials than those currently in use and recycling versus disposing of consumable wastes.

C.10.6 Environmental Response

The Contractor shall be responsible for accomplishing at no cost to the Government any environmental response required as a result of the Contractor's activities. The Contractor may be required to perform, but shall not be responsible for the cost of, remediation for preexisting environmental conditions. Unexploded ordnance shall be considered a preexisting environmental condition and shall not be disturbed by the Contractor but, upon discovery, shall be immediately reported to Installation Security and the Contracting Officer's Representative. The Contractor shall not undertake to move any soil media off-site without the written permission of the Government. This requirement is in effect even if the Contractor does not believe the media is contaminated.

The Contractor shall provide the Government with a copy of all correspondence with environmental regulatory authorities related to enforcement actions or notices of violations within 5 days of receipt or issuance.

The Contractor shall not perform any response, removal, remedial or restoration actions on or affecting the Installation relating to Environmental Requirements without the prior written consent of the Government, except that such prior written consent shall not be required to the extent that prompt action is required to abate an imminent and substantial threat to health, safety and welfare and the Government has been notified of Contractor's intent to take such actions. Such Government consent will not be unreasonably withheld.

C.10.7 Asbestos and Lead-based Paint

The Contractor will not make any improvements or engage in any construction on Government property which contains asbestos-containing material (ACM), without prior approval of the Contracting Officer or designated representative. Any such improvements or construction shall be done in compliance with all applicable Federal, state, interstate, and local laws and regulations governing ACM. The Contractor is responsible for monitoring the condition of its facilities and/or plant containing ACM on Government property for deterioration or damage. The Contractor is responsible, at its expense, for remediation of any ACM contained on or in its facilities and/or plant which is disturbed or damaged by the Contractor or is

deteriorated, and of any ACM on Government property which is disturbed or damaged by the Contractor during the term of the contract.

The Contractor will test any painted surface to be affected by any of its operations, construction, installation, repair, or maintenance activities to determine if the paint is lead-based and will handle that surface in compliance with all applicable laws and regulations and at the Contractor's expense.

C.10.8 Environmental Restoration Program

If the Installation has not been listed on the National Priorities List (NPL) under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980, as amended, at the time of contract award, but is listed subsequent to the award of this contract, the Government will provide the Contractor with a copy of any Federal Facility Agreement (FFA) that is entered into between the Government and the Environmental Protection Agency (EPA), along with any amendments to the FFA when they become effective.

If the Installation has been listed on the NPL at the time of the award of this Contract but no FFA has been entered into, the Government will provide the Contractor with a copy of any FFA subsequently entered into along with any amendments to the FFA when they become effective.

If the Installation has been listed on the NPL at the time of award of this Contract and an FFA has been entered into, the Contractor acknowledges that the Government has provided it with a copy of the FFA, with current amendments. The Government will provide the Contractor with a copy of any subsequent amendments thereto.

The Contractor agrees that should any conflict arise between the terms of such agreement as it presently exists, or may be amended or entered into, and the provisions of this Contract, the provisions of the FFA will take precedence.

C.11 SDCs/Upgrades/Connections and Renewals and Replacements

C.11.1 Responsibility

The Contractor shall be responsible for all required SDCs, upgrades, and renewals and replacements necessary to maintain and operate the utility system(s) in a safe, reliable condition, such that the system is complete and usable, and to meet the requirements of this contract.

C.11.2 Initial System Deficiency Corrections/Connection Charges

Initial System Deficiency Corrections (ISDC)/connection charges are those necessary to reach the standards typically maintained by the Contractor on its utility systems or to ensure compliance with applicable law, so that subsequent renewals and replacements will permit the long-term safe and reliable operation of the utility system. All ISDCs/Connections shall be listed in the first submittal of the Initial System Deficiency Corrections and Renewals and Replacements Plan, as part of the offer. Any ISDCs/Connections proposed to remedy Government-identified deficiencies listed in the utility-specific attachment, shall be complete within five years of the contract start date. The Government reserves the right to buy down a previously amortized ISDC/connection at no penalty to the Government.

C.11.3 Renewals and Replacements

Renewals and replacements are investments in the utility system to renew or replace system components that fail or reach the end of their useful life.

C.11.4 Annual SDC/Upgrades/Connections and Renewals and Replacements Plan

The Contractor shall prepare and submit annually to the Contract Officer for approval an SDC/Upgrades/Connections and Renewals and Replacements Plan that identifies SDCs/Upgrades/Connections and major renewals and replacements the Contractor intends to accomplish. Each Plan shall contain a proposed SDC/Upgrade/Connection list with work efforts that the Contractor intends to accomplish for each of the five years following plan submission. The plan shall be structured as follows:

- Year 1 shall include detailed information for each work effort including site plans, cost estimates, schedules, and an analysis of the impact of construction on Installation operations and the environment. It shall also address safety requirements.
- Years 2-5 shall include work effort descriptions, order-of-magnitude estimates, and general-area site plans for each work effort.

Unless the Contracting Officer provides written notification of an alternate date, the first Annual Plan shall be submitted no later than **March 31** of the first full fiscal year following contract start, and annually thereafter. The Plan shall be submitted to the COR designated in Section G.

C.11.4.1 SDCs/Upgrades

The Contractor may propose SDCs/Upgrades to include, but not limited to, energy efficient and/or water conservation projects in the Annual Plan (Future SDCs/Upgrades/Connections). The Government reserves the right to determine at its discretion whether it will pay for any portion of proposed SDCs/Upgrades/Connections. Future SDCs/Upgrades/Connections required to comply with requirements and standards imposed by law that have changed during the contract term will be paid subject to the availability of funds. Approved SDCs/Upgrades and improvements identified in the Plan will be paid, in accordance with Section B.2.1, *Service Charges for Schedule B-1*, or Section B.2.2 *Service Charges for Schedules B-2*, when accomplished. The Government reserves the right to pay for any SDC/Upgrade/Connection as a lump-sum payment rather than by amortizing the SDC/Upgrade/Connection costs. The Government further reserves the right to buy down a previously amortized SDC/Upgrade/Connection at no penalty to the Government.

C.11.4.2 Renewals and Replacements

Renewals and replacements identified in the Plan will be paid in accordance with Schedules 1 and 2 and Section B.2.1, *Service Charges for Schedule B-1*, or Section B.2.2, *Service Charges for Schedules B-2*.

C.11.4.3 Requirements and Standards

The Plan shall include an assessment of any new or revised standards and clearly address planned system improvements or operational changes needed to comply with such standards.

C.11.4.4 Anticipated Connections and Disconnections

The Plan shall include a list of anticipated new service connections, including a preliminary design and estimated installation costs. The Government will provide a list of new service requirements and anticipated disconnections.

C.11.5 Connections and Disconnections

The Government may require the Contractor to make future connections and/or disconnections. The Contractor shall coordinate this work with the Contracting Officer's Representative and obtain approval from the Contracting Officer.

If a connection or disconnection constitutes reasonable cause for a change in the utility services charge, the rate will be re-negotiated in accordance with Section G.

C.11.5.1 Temporary Connections

The Contractor shall extend temporary service to the Government or contractors performing work on the Installation when requested by the Government.

The Government will identify the party responsible for reimbursing the Contractor for temporary connections. The temporary connection customer shall provide the following information regarding any temporary service connections to the Contracting Officer's Representative:

1. Name of the temporary customer
2. Cost
3. Date of Installation
4. Expected duration of the connection
5. Description of the connection, including route and type of material
6. POC, Title, and Phone Number

C.11.5.2 Permanent Connections

(a) *Charge.* In consideration of the Contractor furnishing and installing at its expense any new connecting facilities requested by the Government, the Government may pay the Contractor a mutually agreed upon connection charge. Any payment will be in a form agreed to by the parties and as permitted by applicable law. When the Government requests new connecting facilities, including work necessary to increase the capacity of existing facilities, the Contractor shall submit a detailed proposal identifying the work necessary to provide the required utility services, any proposed connection charge, and the proposed change in the monthly utility services fee that will go into effect upon completion and placement into service of the new connecting facilities.

Payment for connection charges may be made as a line item under this contract or directly by the requesting party; however, regardless of payment method, the terms and conditions of this contract shall control. As a condition precedent to final payment, the Contractor shall execute a release of any claims against the Government arising under or by the virtue of such installation. Proposed changes to the monthly utility services fee(s) must be approved in advance by the Contracting Officer, regardless of the payment vehicle utilized for the connection charge.

(b) *Ownership, operation, maintenance, and repair of new facilities to be provided.* The facilities to be supplied by the Contractor under this clause, notwithstanding the payment by the Government of a connection charge, shall be and remain the property of the Contractor and shall, at all times during the life of this contract or any renewals thereof, be operated, maintained, and repaired by the Contractor at its expense. All taxes and other charges in connection therewith, together with all liability arising out of the construction, operations, maintenance, or repair of such facilities, shall be the obligation of the Contractor.

(c) *Credits.*

(1) Where the Government is part of the Contractor's general rate base and the Contractor subsequently includes the cost of the connecting facilities in its general rate base, the Contractor agrees to allow the Government, on each monthly bill for service furnished under this contract to the service location, a credit in the form of a percentage of the amount of each such bill as rendered until the accumulation of credits shall equal the amount of such connection charge. The amount of the credit percentage shall be negotiated, but shall not be less than that provided for under the terms of any tariff filed by the Contractor or otherwise provided by the Contractor to any commercial customer, provided that the Contractor may at any time allow a credit up to 100 percent of the amount of each such bill.

(2) In the event the Contractor serves any customer other than the Government (regardless of whether the Government is being served simultaneously, intermittently, or not at all) by means of these facilities, the Contractor shall promptly notify the Government in writing. Unless otherwise agreed by the parties in writing at that time, the Contractor shall promptly credit the Government, up to 100 percent of each monthly bill, until there is refunded the amount that reflects the Government's connection costs for that portion of the facilities used in serving others.

(d) *Terminations.* Payment for and disposition of wholly or partially completed facilities upon termination of the contract shall be in accordance with the terms and/or formulas set forth in the Government Repurchase Option clause (see Section H, *Government Repurchase Option*, this Contract).

C.11.5.3 Third Party Construction

(a) Where the Government contracts with a third party to construct new utility system infrastructure that is intended to connect to the Contractor's system, the following terms and conditions shall apply:

(1) The Contractor will provide the Government and the third party contractor with specifications (the "Specifications") applicable under the terms of this Contract for its system components and for interconnections.

(2) The Government will require the third party contractor to renovate or construct any infrastructure that will connect to the Contractor's existing systems in accordance with the Specifications.

(3) The Government will coordinate with the Contractor to ensure the existing system can accommodate any additional load requirements necessitated by the renovation/construction. Should the Contractor determine that the existing systems require upgrades to support the additional load requirements; a price for the upgrade will be negotiated in accordance with FAR 52.243-1, *Changes – Fixed- Price, Alt I*.

(b) At the Government's option, the Contractor will take ownership of system components renovated or constructed by the third party contractor to the Specifications. Any adjustment to service requirements and the contract price as a result of these actions will be in accordance with the applicable Changes clause(s) contained in this Contract.

(c) The Contractor shall have the right to reasonably inspect the third party contractor's construction of system components for which the Contractor will take ownership. The fixed-price hourly rate to be paid by the Government for such inspections shall be specified below and shall be subject to adjustment in accordance with the appropriate price adjustment clauses/mechanisms applicable to the monthly utility service charges under this Contract. If no rate is specified, then inspections shall be deemed to be among the utility services included in the monthly Utility Services Charge. Any inspection charge rates identified below will not be considered in evaluation of offers for awards although rates may be addressed during negotiations.

Hourly Inspection Charge Rate: \$_____ per hour.

(d) If third party constructed system components are not built to the Specifications, the Contractor shall identify such components and the basis for the discrepancy to the Government with specificity. The Government may direct the Contractor to perform any work required to bring the system into compliance with the Specifications, in which case the Contractor will be compensated in accordance with the applicable Changes clause(s) contained in this Contract.

(e) In the event the parties are unable to agree on an equitable price adjustment for any of the above paragraphs, the matter shall be resolved under the Disputes provisions of this contract.

C.12 Operations and Maintenance/Quality Management

The Contractor shall establish and maintain an Operation and Maintenance/ Quality Management Plan. The Plan shall ensure the provision of reliable, cost-effective, and compliant service over the term of the contract. The Contractor shall update the Plan as necessary and adhere to its requirements throughout the contract term. It shall not be materially altered without the Government's consent.

C.13 Operational Transition Plan

The Contractor is required to prepare and submit an Operational Transition Plan for execution during the transition period. The Plan shall not be materially altered without the Government's consent. The transition period will begin on contract award and end no later than the contract start date. The Contractor shall propose the length of the transition period.

This transition period is intended to provide the Contractor time to perform additional due diligence functions, complete the joint inventory, and stand up operations in support of the contract. The Contractor will be paid for transition costs in accordance with the pricing proposal. Transition costs are defined as all costs expended during the transition period that are necessary and reasonable to assume ownership and responsibility for the system.

The Contractor is required to base its proposal on the inventory listed in the utility-specific attachments. If during the joint inventory that takes place during the transition period between contract award and contract start, the Contractor identifies additional inventory not listed in the utility-specific attachments, the Contractor may submit a request for an equitable adjustment to the Contracting Officer. If the Contractor determines that the inventory listed in the utility-specific attachments is overstated, the Contractor shall report the extent of the overstatement to the Contracting Officer, who will determine an equitable adjustment as appropriate.

The Bill of Sale (BOS) must be approved/signed by the appropriate Service official(s) prior to contract start, and the Government requires 60 days for the BOS coordination and approval process. This BOS process cannot begin until the agreed upon joint inventory is complete. Therefore, the Contractor's transition plan must permit sufficient time for the joint inventory to be completed and agreed upon at least 60 days prior to contract start date to provide the Government the necessary 60-day BOS processing period prior to conclusion of the transition period. The BOS shall include all additional infrastructure identified as a result of the joint inventory. Failure to timely submit the joint inventory may result in extension of the transition period and a delayed contract start date. Any resultant additional transition costs incurred as a result of failure to meet these timeliness requirements will only be compensated by the Government where the failure is not attributable in any way to the acts or omissions of the Contractor.

C.14 Historical, Architectural, & Landscaping Requirements

Cultural resources on Federal property are protected and managed by the Archaeological Resources Protection Act of 1979 and other applicable laws. The Contractor shall exercise care so as not to disturb or damage artifacts or fossils (should any be uncovered) during the excavation operations. Should the Contractor discover evidence of possible scientific, prehistoric, historic, or archaeological finds, the Contractor shall immediately cease work at that location and notify the Contracting Officer's designated representative. The Contractor shall provide the said representative with complete information as to the specific location and nature of the findings. Where appropriate by reason of discovery, the Contracting Officer may order delays in time of performance or changes in the work or both. If such delays or changes are ordered, an equitable adjustment will be made in accordance with the applicable clauses of the contract.

Information regarding historical, architectural, and landscaping requirements is identified in the utility-specific attachment and/or the Technical Library.

C.15 Specialty Training

The Contractor shall provide training to government military personnel as requested to ensure that such personnel are fully capable of operating and properly certified to operate the system in the event that the Government must resume operations, temporarily or permanently, for any reason. Information regarding specialty training requirements is identified in the utility-specific attachment.

SECTION D

Packaging and Marking

None

Section E

Inspection and Acceptance

The following FAR Clause is incorporated by reference:

FAR 52.246-4: Inspection of Services -- Fixed-Price (Aug 1996) in accordance with (IAW) FAR 46.304

NOTE: This clause does not apply to Schedule B-1 offers.

Section F

Deliveries or Performance

F.1 Contract Term

The Contractor agrees to furnish, and the Government agrees to purchase, utility distribution and/or collection services, in accordance with the terms and conditions of this solicitation, for a maximum period of 50 years commencing with the contract start date, provided that the Government is able to make the determination required by 10 U.S.C. §2688(d)(2). If the Government terminates the contract, whether for convenience or default, the appropriate FAR termination clauses will apply.

F.2 Commencement of Utility Services

The Contractor shall complete all transition activities and be prepared to provide utility services on the contract start date. The contract start date, as defined below shall begin on the first day of a given month. The period of performance begins at the contract start date.

Phase I	Phase II
Transition Period (Pre-performance)	Contract Start Date (Performance Period)
Contractor proposes duration of Transition Period; Transition Period begins upon execution of contract award unless a later date is specified.	Transition Period ends with the conveyance of Utility System Infrastructure and Performance of Utility Services Contract begins.

F.3 50-Year Performance Period

The following table will be completed upon the commencement of utility services. The dates contained herein are provided as an **example**.

Year	Period of Performance	Year	Period of Performance
1	01/01/12 – 12/31/12	26	01/01/37 – 12/31/37
2	01/01/13 – 12/31/13	27	01/01/38 – 12/31/38
3	01/01/14 – 12/31/14	28	01/01/39 – 12/31/39
4	01/01/15 – 12/31/15	29	01/01/40 – 12/31/40
5	01/01/16 – 12/31/16	30	01/01/41 – 12/31/41
X	01/01/17 – 12/31/17	X	01/01/42 – 12/31/42
X	01/01/22 – 12/31/22	X	01/01/47 – 12/31/47
25	01/01/36 – 12/31/36	50	01/01/61 – 12/31/61

F.4 Clauses Incorporated by Reference

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text.

The following FAR Clauses are incorporated by reference:

FAR Paragraph	Clause Title	Date
52.242-15	Stop Work Order IAW 42.1305(b)(1)	Aug 1989
52.242-17	Government Delay of Work IAW 42.1305(c)	Apr 1984

Section G

Contract Administration Data

G.1 DFARS 252.201-7000: Contracting Officer's Representative

(a) *Definition.* *Contracting Officer's Representative* means an individual designated in accordance with subsection 201.602-2 of the Defense Federal Acquisition Regulation Supplement and authorized in writing by the contracting officer to perform specific technical or administrative functions.

(b) If the Contracting Officer designates a contracting officer's representative (COR), the Contractor will receive a copy of the written designation. It will specify the extent of the COR's authority to act on behalf of the contracting officer. The COR is not authorized to make any commitments or changes that will affect price, quality, quantity, delivery, or any other term or condition of the contract.

G.2 Submission and Payment of Invoices

With every monthly invoice that includes a request for the initial payment of a completed ISDC/Upgrade/Connection identified in Schedule B, the Contractor shall submit an amortization schedule. The amortization schedule shall specify for each ISDC/Connection the principal and interest components of each monthly payment, the number of the payment of the total payments required, and the remaining principal balance. Any Government-initiated change to the amortization schedule will require the Contractor to submit a new amortization schedule for that project to the Contracting Officer.

The Government will pay the Contractor for utility services in accordance with the CLIN items in Schedule B-1 or B-2, and Section B, *Schedules*.

The Contractor shall submit monthly invoices electronically using the Wide Area Workflow (WAWF) system in accordance with DFARS clause, 252.232-7003, *Electronic Submission of Payment Requests and Receiving Reports*. The WAWF system is located at the following internet website: <https://wawf.eb.mil>. Failure to submit invoices in WAWF may result in delay of payment.

The Contractor shall prepare and submit the electronic invoice for payment by the 25th of each month for the previous month's billing period.

G.3 Price Adjustments

The monthly Utility Services Charge will be adjusted in accordance with Section I, *INT-B19.40 Economic Price Adjustment – Price Index Utility Privatization (DLA Energy, Oct 2003)*. This paragraph applies to the monthly Utility Services Charge portion of CLIN 0001 only, and does not apply to any other CLIN unless the contract explicitly states otherwise. However, neither party shall request a change to the monthly Utility Services Charge portion of CLIN 0001 to become effective sooner than one year from the contract start date. *This paragraph does not apply to regulated utilities submitting a proposal using Schedule B-1.*

Other price adjustments resulting from changed service requirements, at the request of either party to this contract and with reasonable cause, may be negotiated, at any time, in accordance with FAR 52.243-1, *Changes -Fixed-Price- Alt 1* or FAR 52.241-7 *Changes in Rates or Terms and Conditions of Service for Regulated Services* (collectively the "Changes" clauses), whichever is applicable. Price adjustments for noncompliance with accounting procedures shall be in accordance with Section G.4.1.

Any changes to charges, terms, or conditions as a result of negotiations shall be made part of this contract by the issuance of a bilateral contract modification. The failure of the parties to agree upon any change after a reasonable period of time shall be a dispute under the Disputes clause as defined in Section I.

G.4 Accounting Procedures

The Contractor shall maintain records of all costs and payments associated with the provision of utility service(s) to the Installation using the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA), Federal Energy Regulatory Commission (FERC) USOA, the Rural Utility Service (RUS) USOA, or the American Water Works Association (AWWA) USOA, or an alternative USOA acceptable to the Government. The USOA may be supplemented by the Contractor's standard accounting procedures and generally recognized accounting practices and principles, as long as such supplemental procedures and practices are consistent with the NARUC (or an accepted alternative) USOA. The standard utilized must be consistent with the Contractor's written and established practices for measuring, assigning, and allocating costs.

G.4.1 Price Adjustment for Noncompliance with Accounting Procedures

The Government shall be entitled to a price adjustment if it finds that the contract price was adjusted as a result of the use of noncompliant or inconsistent accounting practices. The amount of the adjustment shall be the difference between the contract price that was negotiated and the price that would have been negotiated had the Contractor used compliant and established accounting practices that were in accordance with FERC, NARUC, RUS, AWWA, or other accepted alternative USOA, and were consistent with the Contractor's written and established practices. In such cases, the Government shall be entitled to a credit or cash recovery, at the Government's option, for the amount of the increased price plus interest. The interest rate shall be computed from the date of the payment by the Government until the date of repayment by the Contractor. The interest rate shall be the rate specified at 26 U.S.C. §6621(a)(2).

G.5 Accounting and Appropriation Data

Summary for the Payment Office

To be determined at Contract Award

Section H

Special Contract Provisions

H.1 Mobilization and Other Contingencies

In the event of troop mobilization or other contingencies, the Contractor will be expected to promptly take whatever measures are needed to meet any new demands placed upon it, to include extended work hours and expansion of the contract work force.

Extra work effort under these circumstances may entitle the Contractor to equitable adjustment under the applicable Changes Clause.

H.2 Insurance Requirements

H.2.1 Insurance Certificate

Contractor shall deliver or cause to be delivered upon execution of this contract (and thereafter not less than thirty (30) days prior to the expiration date of each policy furnished pursuant to this contract) to the Government a certificate of insurance evidencing the insurance required by this contract. Each certificate provided shall clearly state the contract number.

H.2.2 Types of Insurance

During the entire period this contract shall be in effect, the Contractor and its subcontractors at any tier shall carry and maintain the following:

H.2.2.1 General Liability

Commercial general liability insurance with a minimum combined single limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate for all premises and operations, including products/completed operations. The policy shall include coverage for bodily injury, including death, and property damage arising out of the acts or omissions by or on behalf of the Contractor by any invitee or any other person or organization, or involving any owned, non-owned, or hired automotive equipment in connection with the Contractor's activities. The policy shall also include broad form property damage and shall cover independent contractors. The policy shall include coverage for hazards referred to as XCU (explosion, collapse, and underground). If the Contractor has catastrophic insurance, the Contractor shall provide a copy of the coverage to the Contracting Officer.

H.2.2.2 Automobile Liability

Comprehensive automobile liability insurance with a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage. Coverage shall include owned, hired, and non-owned vehicles.

H.2.2.3 Workers' Compensation and Employer's liability

If and to the extent required by law, workers' compensation and employer's liability insurance. Workers' compensation coverage is to be provided in compliance with applicable laws and employer's liability limits shall be at least \$500,000.

H.2.2.4 Umbrella/Excess Liability Coverage

Umbrella or Excess Liability coverage in an amount of \$1,000,000 per occurrence and \$1,000,000 in the aggregate. Coverage is to be in excess of commercial general liability, automobile liability, and employer liability.

H.2.3 General

All policies of insurance which this contract requires the Contractor to carry and maintain or cause to be carried or maintained pursuant to this contract shall be with insurance companies who have an A.M. Best

Financial Strength Rating of A- or better and a Financial Size Category of VIII or higher.. All such policies of insurance shall list the Government as additional insured, except for workers' compensation. Each such policy shall provide that any losses shall be payable notwithstanding any act or failure to act or negligence of Contractor or Government or any other person; provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least sixty (60) days after receipt by Government of written notice thereof; provide that the insurer shall have no right of subrogation against the Government; and be reasonably satisfactory to the Government in all other respects. In no circumstances will the Contractor be entitled to assign to any third party rights of action which the Contractor may have against the Government. The foregoing notwithstanding, any cancellation of insurance coverage based on nonpayment of the premium shall be effective upon ten (10) days written notice to the Government. The Contractor understands and agrees that cancellation of any insurance coverage required to be carried and maintained by the Contractor under this contract will constitute a failure to comply with the terms of this contract.

H.2.4 Self-insurance

The requirements to maintain insurance under Section H, *Insurance Requirements*, may be met by the use of self-insurance only under the following conditions and with the express **prior** written approval of the Contracting Officer:

H.2.4.1 Submittals

If the Contractor desires to self-insure, the Contractor shall submit to the Contracting Officer, in writing, a request to self-insure. The Contractor shall, when submitting any documents under this provision, apprise the Contracting Officer of any such documents that constitute confidential or proprietary business records, and mark those records accordingly. To support the determination of the Contracting Officer regarding the request, said officer may request some or all of the following information, to the extent the Contractor maintains such information, on the Contractor's proposed self-insurance program—

- (1) A complete description of the program, including any resolution of the board of directors authorizing and adopting coverage, including types of risks, limits of coverage, assignments of safety and loss control, and legal service responsibilities;
- (2) If available, the corporate insurance manual;
- (3) The terms regarding insurance coverage for any Government property;
- (4) The Contractor's latest financial statements;
- (5) Loss history and premiums history;
- (6) The means by which the self-insurance will be funded;
- (7) Claims administration policy, practices, and procedures;
- (8) The method of projecting losses; and
- (9) A disclosure of all captive insurance company and reinsurance agreements, including methods of computing cost.

H.2.4.2 Programs of Self Insurance

Programs of self-insurance covering Contractor's insurable risks, including the deductible portion of purchased insurance, may be approved by the Contracting Officer when examination of a program indicates that its application is in the Government's interest; such determination is within the sole discretion of the Government. The Government will not approve a program of self-insurance for workers' compensation in a jurisdiction where workers' compensation does not completely cover the employer's liability to employees, unless the Contractor—

- (1) Maintains an approved program of self-insurance for any employer's liability not so covered; or
- (2) Shows that the combined cost to the Government of self-insurance for workers' compensation and commercial insurance for employer's liability will not exceed the cost of covering both kinds of risk by commercial insurance.

H.2.4.3 Approval

Once the Contracting Officer has approved a program, the Contractor must submit to that official for approval any major proposed changes to the program. Any program approval may be withdrawn if the Contracting Officer finds that either—

- (1) Any part of a program does not comply with the requirements of this part and/or the criteria at FAR 31.205-19; or
- (2) Conditions or situations existing at the time of approval that were a basis for original approval of the program have changed to the extent that a program change is necessary.

H.2.4.4 Qualifications

To qualify for self-insurance, the Contractor must demonstrate to the Government an ability to sustain the potential losses involved. In making the determination, the Contracting Officer shall consider the following factors:

- (1) The soundness of Contractor's financial condition, including available lines of credit;
- (2) The geographic dispersion of assets, so that the potential of a single loss depleting all the assets is unlikely;
- (3) The history of previous losses, including frequency of occurrence and the financial impact of each loss;
- (4) The type and magnitude of risk, such as minor coverage for the deductible portion of purchased insurance or major coverage for hazardous risks; and
- (5) The Contractor's compliance with Federal and State laws and regulations.

H.3 Availability of Funds

Nothing in this contract shall be construed to obligate funds in advance of appropriations.

H.4 Liability

The Contractor shall indemnify, defend, save, and hold the Government harmless against any and all judgments, expenses, liabilities, claims, and charges of whatever kind or nature ("Losses") that may arise as a result of the activities of the Contractor, whether tortious, contractual, or other, except to the extent such claim or charge is cognizable under the Federal Tort Claims Act, or, in regard to indemnification, to the extent the Contractor is prohibited from doing so by Federal or State law.

H.4.1 Environmental Liability

The Contractor shall indemnify, defend, save, and hold the Government harmless against any and all judgments, expenses, liabilities, claims, and charges of whatever kind or nature, resulting from the Contractor's failure to comply with Section C.10, *Environmental Compliance*. Such indemnification shall include, but is not limited to, any costs or claims arising from, or related to, any damage to property, or injury to, or death of, a person to the extent that the Contractor's failure to comply with Environmental Requirements and/or management of contaminated materials caused, or contributed to, such damage, injury, or death. The Contractor shall not be required to indemnify the Government for Losses that are both caused by pre-existing environmental conditions and not caused by the negligence, misconduct, or recklessness of the Contractor.

H.5 Notification of Infrastructure/Service Contract Transfer

The Contractor shall provide 120-day written notice prior to any resale, transfer, or encumbrance of the system or any components thereof. Regardless of the disposition of the Contractor's property, the utility services contract can only be transferred to another entity with the Government's consent (See FAR 42.1204).

H.6 Government Termination Liability Prior to Conveyance

If for any reason conveyance of the utility system(s) does not occur, the Government's termination liability will be limited to transition costs.

H.7 Government Repurchase Option

1. The Government may, at its sole option, repurchase the privatized system at the end of the contract term or in the event the contract is terminated for the convenience of the Government or for default.
2. The Government shall exercise its repurchase option by providing written notice to the Contractor.
3. As consideration for the repurchase, the Government shall pay the Contractor the amount of the Contractor's Unrecovered Investments in the System as defined in Paragraph 8 below. The repurchase shall become effective and the System(s) shall become the property of the Government 120 days after the Government issues notice of its intent to exercise its repurchase option or on such later date as the Government may designate.
4. In the event of a repurchase, the system shall be transferred to the Government free of all liens and encumbrances. The Contractor and the Government shall cooperate in preparing and executing all documents required to accomplish the transfer. All information in all media (electronic, paper, and otherwise) including, without limitation, books, manuals, operating procedures, specifications, databases and maps necessary or useful for operating the System shall be transferred to the Government with the System. In addition, copies of all Contractor operations and maintenance records shall be transferred to the Government with the System.
5. To the extent the Contractor receives payments for Unrecovered Investments in accordance with this clause; the Contractor shall not be entitled to equivalent payments for Unrecovered Investments under any termination, cancellation, or similar provision of the Contract.
6. In the event of termination for default, the Government may offset against payments made as consideration for repurchase under this Section any damages, including excess procurement costs, it suffers as a consequence of the Contractor's default. The Government shall have no obligation to tender the repurchase price until the quantum of such damages is defined.
7. The Contractor shall maintain an up to date account of the current System repurchase price throughout the contract term based upon a methodology established by the Contractor and approved by the Government prior to contract award. Upon request, the Contractor shall make the account available to the Government with appropriate supporting documentation.
8. Definitions
 - A. For purposes of this Section, "Privatized System" or "System" means all fixtures and equipment used or useful for operating the utility system[s]
 - B. For purposes of this Section, "Unrecovered Investments" means
 1. The purchase price for the utility system[s] defined in Section B of the contract but only to the extent the Contractor has paid all or a portion of the purchase price to the Government without offsetting recovery;
 2. Improvements or additions to the system located on Government property and approved by the Government that are:

- a) identified in the Contractor's Initial System Deficiency Corrections and Renewal and Replacement Plan and subsequent Plans provided annually throughout the contract term ; or
- b) the result of requests for connections or connecting facilities.

However, the Contractor will only be compensated to the extent such investments have not been recovered by the Contractor in the form of payments made by or on behalf of the Government on account of such investments.

H.8 Foreign Object Damage Prevention Program

The Contractor shall comply with the Installation's foreign object damage prevention program whenever it engages in activities on or around flightlines, airfields, or runways.

H.9 Hazardous Substances

The Contractor, at its expense, must comply with all applicable laws on occupational safety and health, the handling and storage of hazardous materials, and the proper handling and disposal of hazardous wastes and hazardous substances generated by its activities. Responsibility for the costs of proper handling and disposal of hazardous wastes and hazardous substances is governed by applicable law. The terms hazardous materials, hazardous wastes, and hazardous substances are as defined in the Federal Water Pollution Control Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Solid Waste Disposal Act, the Clean Air Act, and the Toxic Substances Control Act, and their implementing regulations, as they may be amended from time to time.

Any unexploded ordnance discovered on Government property by the Contractor is the responsibility of the Government and will not be disturbed by the Contractor but, upon discovery, shall be immediately reported to Installation Security, Installation Safety, and the Contracting Officer's Representative.

H.10 Interest Allowability of Capital Investment

Pursuant to the DoD Class Deviation signed 31 March 2011 and as determined by the Contracting Officer, the Contractor will be permitted to recover its interest costs associated only with capital expenditures to acquire, renovate, replace, upgrade, and/or expand utility systems. Interest rates used to calculate allowable interest costs must be limited to 600 basis points above the Contract Disputes Act (CDA) interest rate (41 U.S.C. §611) in effect at the time the Contractor makes the capital expenditure. The Contractor shall not receive facilities capital cost of money under FAR 52.215-16. CDA interest rate(s) are determined by the Bureau of the Public Debt and are published at the following website: <http://www.fms.treas.gov/prompt/index.html>.

H.11 Contribution in Aid of Construction (CIAC) Tax Liability

A purchase by the Contractor of a Government utility system at less than fair market value may be treated as a CIAC and taxable income to the Contractor. As a result, the Contractor may incur an associated income tax liability. It is the responsibility of the Contractor to ensure that all transactions undertaken under the contract are in compliance with the United States Internal Revenue Service notices, guidelines, rules, and regulations governing the CIAC tax, and particularly the notices, guidelines, rules, and regulations governing how to determine fair market value, so that there is no CIAC tax liability to the Government. The Government will have no liability for, nor will it pay, any CIAC tax, related to the initial purchase of the utility system(s), for which the Contractor is liable, or may become liable because of the Contractor's performance under this contract.

H.12 Differing Site Conditions

(a) The Contractor shall promptly, and before the conditions are disturbed, give a written notice to the Contracting Officer of –

- (1) Subsurface or latent physical conditions at the site which differ materially from those indicated in this contract, or made available to offerors during the negotiation process; or
- (2) Unknown physical conditions at the site, of an unusual nature, which differ materially from those ordinarily encountered and generally recognized as inhering in work of the character provided for in the contract.

(b) The Contracting Officer shall investigate the site conditions promptly after receiving the notice. If the conditions do materially so differ and cause an increase or decrease in the Contractor's cost of, or the time required for, performing any part of the work under this contract, whether or not changed as a result of the conditions, an equitable adjustment shall be made under this clause and the contract modified in writing accordingly.

(c) No request by the Contractor for an equitable adjustment to the contract under this clause shall be allowed, unless the Contractor has given the written notice required; *provided*, that the time prescribed in paragraph (a) of this clause for giving written notice may be extended by the Contracting Officer.

(d) No request by the Contractor for an equitable adjustment to the contract for differing site conditions shall be allowed if made after final payment under this contract.

H.13 Future SDCs/Upgrades/ Connection Charges

Payment for Future SDCs/Upgrades/Connection Charges for which the Government agrees to pay in accordance with Section C, *SDCs/Upgrades/Connection Charges and Renewals and Replacements*, will be in addition to the monthly Utility Services Charge for the number of months agreed upon and will commence when the SDC/Upgrade/Connection is put in useful service. The amortization schedule shall specify for each SDC/Upgrade/Connection the additional monthly payment included in addition to the monthly Utility Services Charge and the number of the payment (of the total payments required).

If new SDCs/Upgrades/Connections are required as a result of a change in service requirements, the Utility Services Charge may be re-negotiated in accordance with Section G.

Section I

Contract Clauses

In the event of any inconsistencies between non-mandatory FAR and DFARS clauses incorporated by reference herein or elsewhere and any clauses set forth in full text in this Contract, the full text clauses shall control.

I.1 FAR 52.252-2 Clauses Incorporated by Reference (Feb 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at these addresses:

<http://farsite.hill.af.mil>
<http://www.acquisition.gov/>

(End of Clause)

I.2 FAR Clauses

The following FAR clauses are incorporated by reference:

FAR Paragraph	Clause Title	IAW	Date
52.202-1	Definitions	FAR 2.201	Jan 2012
52.203-3	Gratuities	FAR 3.202	Apr 1984
52.203-5	Covenant Against Contingent Fees	FAR 3.404	Apr 1984
52.203-6	Restrictions on Subcontractor Sales to the Government	FAR 3.503-2	Sep 2006
52.203-7	Anti-Kickback Procedures	FAR 3.502-3	Oct 2010
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity	FAR 3.104-9(a)	Jan 1997
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity	FAR 3.104-9(b)	Jan 1997
52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions	FAR 3.808(a)	Sept 2007
52.203-12	Limitation on Payments to Influence Certain Federal Transactions	FAR 3.808(b)	Oct 2010
52.203-13	Contractor Code of Business Ethics and Conduct	FAR 3.1004(a)	Apr 2010

FAR Paragraph	Clause Title	IAW	Date
52.203-14	Display of Hotline Poster(s)	FAR 3.1004(b)	Dec 2007
52.204-4	Postconsumer Fiber Content Paper	FAR 4.303	May 2011
52.204-99	System for Award Management Registration (DEVIATION)	OSD Class Deviation O0015	Aug 2012
52.204-9	Personal Identity Verification of Contractor Personnel	FAR 4.1303	Jan 2011
52.204-10	Reporting Executive Compensation and First-Tier Subcontract Awards	FAR 4.1403(a)	Aug 2012
52.207-3	Right of First Refusal of Employment	FAR 7.305(c)	May 2006
52.209-6	Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment	FAR 9.409	Dec 2010
52.209-7	Information Regarding Responsibility Matters	FAR 9.104-7(b)	Feb 2012
52.209-9	Updates of Publicly Available Information Regarding Responsibility Matters, Alternate I	FAR 9.104-7(c)(2)	Feb 2012
52.215-2	Audit and Records -- Negotiations	FAR 15.209(b)	Oct 2010
52.215-8	Order of Precedence – Uniform Contract Format See Section C.1 of contract	FAR 15.209(h)	Oct 1997
52.215-11	Price Reduction for Defective Cost or Pricing Data— Modifications	FAR 15.408(c)	Aug 2011
52.215-13	Subcontractor Cost or Pricing Data—Modifications	FAR 15.408(e)	Oct 2010
52.215-21	Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data – Modifications	FAR 15.408(m)	Oct 2010
52.219-4	Notice of Price Evaluation Preference for HUBZone Small Business Concerns	FAR 19.1309(b)	Jan 2011
52.219-8	Utilization of Small Business Concerns	FAR 19.708(a)	Jan 2011
52.219-9	Small Business Subcontracting Plan <i>Alternate II</i>	FAR 19.708(b)(1)(ii)	Jan 2011 Alt II Oct 2001
52.219-16	Liquidated Damages—Subcontracting Plan	FAR 19.708(b)(2)	Jan 1999

FAR Paragraph	Clause Title	IAW	Date
52.219-25	Small Disadvantaged Business participation Program-Disadvantaged Status and Reporting	FAR 19.1204(b)	Dec 2010
52.219-28	Post-Award Small Business Program Representation	FAR 19.309(d)	Apr 2012
52.222-1	Notice to the Government of Labor Disputes	FAR 22.103-5(a)	Feb 1997
52.222-3	Convict Labor	FAR 22.202	Jun 2003
52.222-4	Contract Work Hours and Safety Standards Act - - Overtime Compensation	FAR 22.305	Jul 2005
52.222-21	Prohibition of Segregated Facilities	FAR 22.810(a)(1)	Feb 1999
52.222-26	Equal Opportunity	FAR 22.810(e)	Mar 2007
52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans	FAR 22.1310(a)(1)	Sep 2010
52.222-36	Affirmative Action for Workers with Disabilities	FAR 22.1408(a)	Oct 2010
52.222-37	Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans	FAR 22.1310(b)	Sep 2010
52.222-50	Combating Trafficking in Persons	FAR 22.1705(a)	Feb 2009
52.222-54	Employment Eligibility Verification	FAR 22.1803	Jan 2009
52.223-3	Hazardous Material Identification and Material Safety Data	FAR 23.303	Jan 1997
52.223-5	Pollution Prevention and Right-to-Know Information Alternate I	FAR 23.1005	May 2011
52.223-6	Drug-Free Workplace	FAR 23.505	May 2001
52.223-12	Refrigeration Equipment And Air Conditioners	FAR 23.804(b)	May 1995
52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving	FAR 23.1105	Aug 2011

FAR Paragraph	Clause Title	IAW	Date
52.225-13	Restrictions on Certain Foreign Purchases	FAR 25.1103(a)	Jun 2008
52.225-25	Prohibition on Contracting With Entities Engaging in Sanctioned Activities Relating to Iran – Representation and Certification	FAR 25.1103(e)	Nov 2011
52.228-5	Insurance-Work on a Government Installation	FAR 28.310	Jan 1997
52.232-1	Payments	FAR 32.111(a)(1)	Apr 1984
52.232-8	Discounts for Prompt Payment	FAR 32.111(b)(1)	Feb 2002
52.232-11	Extras	FAR 32.111(c)(2)	Apr 1984
52.232-17	Interest	FAR 32.611(a) and (b)	Oct 2010
52.232-18	Availability of Funds	FAR 32.705-1(a)	Apr 1984
52.232-23	Assignment of Claims <i>Alternate I</i>	FAR 32.806(a)(1)	Jan 1986 Apr 1984
52.232-25	Prompt Payment	FAR 32.908(c)	Oct 2008
52.232-33	Payment by Electronic Funds Transfer --Central Contractor Registration	FAR 32.1110(a)(1)	Oct 2003
52.233-1	Disputes <i>Alternate I</i>	FAR 33.215	Jul 2002 Dec 1991
52.233-3	Protest after Award	FAR 33.106(b)	Aug 1996
52.233-4	Applicable Law for Breach of Contract Claim	FAR 32.215(b)	Oct 2004
52.237-2	Protection of Government Buildings, Equipment, and Vegetation	FAR 37.110(b)	Apr 1984
52.237-3	Continuity of Services	FAR 37.110(c)	Jan 1991
52.242-1	Notice of Intent to Disallow Costs	FAR 42.802	Apr 1984
52.242-13	Bankruptcy	FAR 42.903	Jul 1995

FAR Paragraph	Clause Title	IAW	Date
52.243-1	Changes – Fixed-Price <i>Alternate I</i>	FAR 43.205(a)(1)	Aug 1987 Apr 1984
52.243-7	Notification of Changes	FAR 43.107	Apr 1984
52.244-6	Subcontracts for Commercial Items	FAR 44.403	Dec 2010
52.249-2	Termination for Convenience of the Government (Fixed Price)	FAR 49.502(b)(1)(i)	April 2012
52.249-8	Default (Fixed Price Supply and Service)	FAR 49.504(a)(1)	Apr 1984
52.252-6	Authorized Deviations in Clauses	FAR 52.107(f)	Apr 1984

I.2.1 Disputes

NOTE: This clause only applies to Schedule B-1, regulated offers

The requirements of the Disputes clause at FAR 52.233-1 are supplemented to provide that in regard to the interpretation of retail rates, rate schedules and items directly related to rates and rate schedules provided under this contract, the parties agree to accept as authoritative the interpretation of any statewide public utility regulatory authority with jurisdiction over the contractor. The Government shall not be bound to accept as authoritative interpretations that conflict with Federal law or regulation or that are found by any administrative or judicial forum to: 1) result in discrimination against the Installation; 2) have resulted from abuse of discretion; or 3) have directly or indirectly resulted from any failure on the part of the regulatory authority or its members to comply with applicable laws and regulations.

I.3 DFARS Clauses Incorporated by Reference

The use in this solicitation or contract of any Defense Federal Acquisition Regulation Supplement (48 CFR Chapter 2) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

The following DFARS clauses are incorporated by reference:

DFARS Paragraph	Clause Title	IAW	Date
252.203-7000	Requirements Relating to Compensation of Former DoD Officials	DFARS 203-171-4	Sept 2011
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies	DFARS 203.570-3	Dec 2008
252.203-7002	Requirements to Inform Employees of Whistleblower Rights	DFARS 203.970	Jan 2009
252.203-7004	Display of Fraud Hotline Poster(s)	DFARS 203.10049(b)(2)(ii)	Sep 2011

DFARS Paragraph	Clause Title	IAW	Date
252.204-7000	Disclosure of Information	DFARS 204.404-70(a)	Dec 1991
252.204-7003	Control of Government Personnel Work Product	DFARS 204.404-70(b)	Apr 1992
252.205-7000	Provision of Information to Cooperative Agreement Holders	DFARS 205.470	Dec 1991
252.209-7004	Subcontracting with Firms that Are Owned or Controlled by the Government of a Terrorist Country	DFARS 209.409	Dec 2006
252.215-7000	Pricing Adjustments	DFARS 215.408(1)	Dec 1991
252.219-7003	Small Business Subcontracting Plan (DoD Contracts)	DFARS 219.708(b)(1)(A)	Aug 2012
252.223-7004	Drug-Free Work Force	DFARS 223.570-2	Sep 1988
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials	DFARS 223.7103(a)	Apr 1993
252.225-7031	Secondary Arab Boycott of Israel	DFARS 225.7605	Jun 2005
252.226-7001	Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns	DFARS 226.104	Sep 2004
252.231-7000	Supplemental Cost Principles	DFARS 231.100-70	Dec 1991
252.232-7003	Electronic Submission of Payment Requests And Receiving Reports	DFARS 232.7004	June 2012
252.232-7010	Levies on Contract Payments	DFARS 232.7102	Dec 2006
252.235-7003	Frequency Authorization	DFARS 235.072(b)	Dec 1991
252.236-7005	Airfield Safety Precautions	DFARS 236.570(b)(3)	Dec 1991
252.243-7001	Pricing of Contract Modifications	DFARS 243.205-70	Dec 1991
252.243-7002	Requests for Equitable Adjustment	DFARS 243.205-71	Mar 1998
252.247-7023	Transportation of Supplies by Sea	DFARS 247.574(b)(1)	May 2002

I.4 Utility Services Clauses Incorporated by Reference

The following Utility Services FAR and DFARS clauses are incorporated herein by reference.

Paragraph	Clause Title	IAW	Date
52.241-2	Order of Precedence – Utilities	FAR 41.501(c)(1)	Feb 1995
52.241-4	Change in Class of Service (Applicable to Tariff Priced Contracts Only)	FAR 41.501(c)(3)	Feb 1995
52.241-5	Contractor's Facilities	FAR 41.501(c)(4)	Feb 1995
52.241-11	Multiple Service Locations	FAR 41.501(d)(5)	Feb 1995
252.241-7001	Government Access	DFARS 241.501-70(b)	Dec 1991

I.5 Clauses Incorporated by Reference: Non-Regulated Utility

The following FAR clauses are incorporated by reference if award is made to an entity that is non-regulated, non-Governmental.

Paragraph	Clause Title	IAW	Date
52.222-41	Service Contract Act of 1965, as amended	FAR 22.1006(a)	Nov 2007
52.222-44	Fair Labor Standards Act and Service Contract Act – Price Adjustment	FAR 22.1006(c)(2)	Sep 2009
52.230-2	Cost Accounting Standards	FAR 30.201-4(a)	May 2012
52.230-3	Disclosure and Consistency of Cost Accounting Practices	FAR 30.201-4(b)(1)	May 2012
52.230-6	Administration of Cost Accounting Standards	FAR 30.201-4(d)(1)	Jun 2010
52.244-5	Competition in Subcontracting	FAR 44.204(c)	Dec 1996

I.6 Other Clauses

The following clauses are incorporated in award.

FAR 52.241-3: Scope and Duration of Contract (Feb 1995)

(a) For the period _____, *[insert period of service]* the Contractor agrees to furnish and the Government agrees to purchase _____ *[insert type of service]* utility service in accordance with the applicable tariff(s), rules, and regulations as approved by the applicable governing regulatory body and as set forth in the contract.

(b) It is expressly understood that neither the Contractor nor the Government is under any obligation to continue any service under the terms and conditions of this contract beyond the expiration date.

(c) The Contractor shall provide the Government with one complete set of rates, terms, and conditions of service which are in effect as of the date of this contract and any subsequently approved rates.

(d) The Contractor shall be paid at the applicable rate(s) under the tariff and the Government shall be liable for the minimum monthly charge, if any, specified in this contract commencing with the period in which service is initially furnished and continuing for the term of this contract. Any minimum monthly charge specified in this contract shall be equitably prorated for the periods in which commencement and termination of this contract become effective.

(End of Clause)

FAR 52.241-6: Service Provisions (Feb 1995)

(a) *Measurement of service.*

(1) All service furnished by the Contractor shall be measured by suitable metering equipment of standard manufacture, to be furnished, installed, maintained, repaired, calibrated, and read by the Contractor at its expense. When more than a single meter is installed at a service location, the readings thereof may be billed conjunctively, if appropriate. In the event any meter fails to register (or registers incorrectly) the service furnished, the parties shall agree upon the length of time of meter malfunction and the quantity of service delivered during such period of time. An appropriate adjustment shall be made to the next invoice for the purpose of correcting such errors. However, any meter which registers not more than ___ percent slow or fast shall be deemed correct.

(2) The Contractor shall read all meters at periodic intervals of approximately 30 days or in accordance with the policy of the cognizant regulatory body or applicable bylaws. All billings based on meter readings of less than ___ days shall be prorated accordingly.

(b) *Meter test.*

(1) The Contractor, at its expense, shall periodically inspect and test Contractor-installed meters at intervals not exceeding _____ year(s) The Government has the right to have representation during the inspection and test.

(2) At the written request of the Contracting Officer, the Contractor shall make additional tests of any or all such meters in the presence of Government representatives. The cost of such additional tests shall be borne by the Government if the percentage of errors is found to be not more than ___ percent slow or fast.

(3) No meter shall be placed in service or allowed to remain in service which has an error in registration in excess of ___ percent under normal operating conditions.

(c) *Change in volume or character.* Reasonable notice shall be given by the Contracting Officer to the Contractor regarding any material changes anticipated in the volume or characteristics of the utility service required at each location.

(d) *Continuity of service and consumption.* The Contractor shall use reasonable diligence to provide a regular and uninterrupted supply of service at each service location, but shall not be liable for damages, breach of contract or otherwise, to the Government for failure, suspension, diminution, or other variations of service occasioned by or in consequence of any cause beyond the control of the Contractor, including but not limited to acts of God or of the public enemy, fires, floods, earthquakes, or other catastrophe, strikes, or failure or breakdown of transmission or other facilities. If any such failure, suspension, diminution, or other variation of service shall aggregate more than _____ hour(s) during any billing period hereunder, an equitable adjustment shall be made in the monthly billing specified in this contract (including the minimum monthly charge).

(End of Clause)

FAR 52.241-7: Change in Rates or Terms and Conditions of Service for Regulated Services (Feb 1995).

(a) This clause applies to the extent services furnished under this contract are subject to regulation by a regulatory body. The Contractor agrees to give the Contracting Officer written notice of

(1) the filing of an application for change in rates or terms and conditions of service concurrently with the filing of the application and

(2) any changes pending with the regulatory body as of the date of contract award. Such notice shall fully describe the proposed change. If, during the term of this contract, the regulatory body having jurisdiction approves any changes, the Contractor shall forward to the Contracting Officer a copy of such changes within 15 days after the effective date thereof. The Contractor agrees to continue furnishing service under this contract in accordance with the amended tariff, and the Government agrees to pay for such service at the higher or lower rates as of the date when such rates are made effective.

(b) The Contractor agrees that throughout the life of this contract the applicable published and unpublished rate schedule(s) shall not be in excess of the lowest cost published and unpublished rate schedule(s) available to any other customers of the same class under similar conditions of use and service.

(c) In the event that the regulatory body promulgates any regulation concerning matters other than rates which affects this contract, the Contractor shall immediately provide a copy to the Contracting Officer. The Government shall not be bound to accept any new regulation inconsistent with Federal laws or regulations.

(d) Any changes to rates or terms and conditions of service shall be made a part of this contract by the issuance of a contract modification unless otherwise specified in the contract. The effective date of the change shall be the effective date by the regulatory body. Any factors not governed by the regulatory body will have an effective date as agreed to by the parties.

(End of Clause)

FAR 52.241-13: Capital Credits (Feb 1995)

(a) The Government is a member of the _____ *[insert cooperative name]*, and as any other member, is entitled to capital credits consistent with the bylaws of the cooperative, which states the obligation of the Contractor to pay capital credits and which specifies the method and time of payment.

(b) The Contractor shall furnish to the Contracting Officer, or the designated representative of the Contracting Officer, in writing, on an _____ basis *[insert period of time]* a list of accrued credits by contract number, year, and delivery point.

(c) Payment of capital credits will be made by check, payable to the _____ *[insert agency name]*, and forwarded to the Contracting Officer at _____ *[insert agency address]*, unless otherwise directed in writing by the Contracting Officer. Checks shall cite the current or last contract number and indicate whether the check is partial or final payment for all capital credits accrued.

(End of Clause)

DFARS 252.232-7007: Limitation of Government's Obligation (May 2006)

(a) Contract line item(s) * through * are incrementally funded. For these item(s), the sum of \$ * of the total price is presently available for payment and allotted to this contract. An allotment schedule is set forth in paragraph (j) of this clause.

(b) For item(s) identified in paragraph (a) of this clause, the Contractor agrees to perform up to the point at which the total amount payable by the Government, including reimbursement in the event of termination of those item(s) for the Government's convenience, approximates the total amount currently allotted to the contract. The Contractor is not authorized to continue work on those item(s) beyond that point. The Government will not be obligated in any event to reimburse the Contractor in excess of the amount allotted to the contract for those item(s) regardless of anything to the contrary in the clause entitled "Termination for Convenience of the Government." As used in this clause, the total amount payable by the Government in the event of termination of applicable contract line item(s) for convenience includes costs, profit, and estimated termination settlement costs for those item(s).

(c) Notwithstanding the dates specified in the allotment schedule in paragraph (j) of this clause, the Contractor will notify the Contracting Officer in writing at least ninety days prior to the date when, in the Contractor's best judgment, the work will reach the point at which the total amount payable by the Government, including any cost for termination for convenience, will approximate 85 percent of the total amount then allotted to the contract for performance of the applicable item(s). The notification will state (1) the estimated date when that point will be reached and (2) an estimate of additional funding, if any, needed to continue performance of applicable line items up to the next scheduled date for allotment of funds identified in paragraph (j) of this clause, or to a mutually agreed upon substitute date. The notification will also advise the Contracting Officer of the estimated amount of additional funds that will be required for the timely performance of the item(s) funded pursuant to this clause, for a subsequent period as may be specified in the allotment schedule in paragraph (j) of this clause or otherwise agreed to by the parties. If after such notification additional funds are not allotted by the date identified in the Contractor's notification, or by an agreed substitute date, the Contracting Officer will terminate any item(s) for which additional funds have not been allotted, pursuant to the clause of this contract entitled "Termination for Convenience of the Government."

(d) When additional funds are allotted for continued performance of the contract line item(s) identified in paragraph (a) of this clause, the parties will agree as to the period of contract performance which will be covered by the funds. The provisions of paragraphs (b) through (d) of

this clause will apply in like manner to the additional allotted funds and agreed substitute date, and the contract will be modified accordingly.

(e) If, solely by reason of failure of the Government to allot additional funds, by the dates indicated below, in amounts sufficient for timely performance of the contract line item(s) identified in paragraph (a) of this clause, the Contractor incurs additional costs or is delayed in the performance of the work under this contract and if additional funds are allotted, an equitable adjustment will be made in the price or prices (including appropriate target, billing, and ceiling prices where applicable) of the item(s), or in the time of delivery, or both. Failure to agree to any such equitable adjustment hereunder will be a dispute concerning a question of fact within the meaning of the clause entitled "Disputes."

(f) The Government may at any time prior to termination allot additional funds for the performance of the contract line item(s) identified in paragraph (a) of this clause.

(g) The termination provisions of this clause do not limit the rights of the Government under the clause entitled "Default." The provisions of this clause are limited to the work and allotment of funds for the contract line item(s) set forth in paragraph (a) of this clause. This clause no longer applies once the contract is fully funded except with regard to the rights or obligations of the parties concerning equitable adjustments negotiated under paragraphs (d) and (e) of this clause.

(h) Nothing in this clause affects the right of the Government to terminate this contract pursuant to the clause of this contract entitled "Termination for Convenience of the Government."

(i) Nothing in this clause shall be construed as authorization of voluntary services whose acceptance is otherwise prohibited under 31 U.S.C. 1342.

(j) The parties contemplate that the Government will allot funds to this contract in accordance with the following schedule: On execution of contract

On execution of contract	\$ _____
(month) (day), (year)	\$ _____
(month) (day), (year)	\$ _____
(month) (day), (year)	\$ _____

(End of clause)

I-0001 I.I28.01 FEDERAL, STATE, AND LOCAL TAXES (DLA Energy JAN 2008) (DEVIATION)

(a) As used in this clause—

(1) **After-imposed tax** means any new or increased Federal, State, or local tax that the Contractor is required to pay or bear the burden of as the result of legislative, judicial, or administrative action taking effect after the contract date.

(2) **After-relieved tax** means any amount of Federal, State, or local tax that would otherwise have been payable on the transactions or property covered by this contract, but which the Contractor is not required to pay or bear the burden of, or for which the Contractor obtains a refund or drawback, as the result of legislative, judicial, or administrative action taking effect after the contract date.

(3) **All applicable Federal and State taxes** means all excise taxes that the taxing authority is imposing and collecting on the transactions or property covered by this contract pursuant to written ruling or regulation in effect on the contract date.

(4) **Contract date** means the date set for bid opening or, if this is a negotiated contract or a modification, the date set for final revised prices.

(5) **Local taxes** means taxes levied by the political subdivisions of the States, District of Columbia, or outlying areas of the United States, e.g., cities and counties.

(6) **Outlying areas** means—

(i) **Commonwealths.** Puerto Rico and The Northern Mariana Islands;

(ii) **Territories.** American Samoa, Guam, and The U.S. Virgin Islands; and

(iii) **Minor outlying islands.** Baker Island; Howland Island, Jarvis Island; Johnston Atoll; Kingman Reef; Midway Islands; Navassa Island; Palmyra Atoll; and Wake Atoll.

(7) **State taxes** means taxes levied by the States, the District of Columbia, or outlying areas of the United States.

(8) **Tax** means taxes, duties and environmental or inspection fees, except social security or other employment taxes.

(b) The contract price includes all applicable Federal, State, and local taxes, except as otherwise expressly provided.

(c) The contract price shall be increased by the amount of any after-imposed tax if the Contractor states in writing that the contract price does not include any contingency for such tax.

(d) The contract price shall be decreased by the amount of any after-relieved tax.

(e) The contract price shall also be decreased by the amount of any tax that the Contractor is required to pay or bear the burden of, or does not obtain a refund of, through the Contractor's fault, negligence, or failure to follow instructions of the Contracting Officer.

(f) The Contractor shall promptly notify the Contracting Officer of all matters relating to any tax that reasonably may be expected to result in either an increase or decrease in the contract price and shall take appropriate action as the Contracting Officer directs.

(g) The Government shall, without liability, furnish evidence appropriate to establish exemption from any Federal, State, or local tax when the Contractor requests such evidence and a reasonable basis exists to sustain the exemption.

I-0002 B.19.40 ECONOMIC PRICE ADJUSTMENT – PRICE INDEX UTILITY SERVICES (DLA ENERGY JAN 2012)

(a) The Contractor warrants that the contract prices do not include any amounts to protect against increases covered by this contract clause.

(b) **DEFINITIONS.** As used herein,—

(1) **Base price** means the price for the Monthly Utility Services Charge as identified in the contract Schedule. **For the first Economic Price Adjustment, the Base price shall be the original awarded Monthly Utility Services Charge. For subsequent annual Economic Price Adjustments, the Base Price for each Adjustment shall be the Monthly Utility Services Charge in effect immediately prior to that adjustment.**

(2) **Index** means the Consumer Price Index for all Urban Consumers (CPI-U) reported in the publication, “Consumer Price Index – CPI,” as published by the Bureau of Labor Statistics (BLS),

U.S. Department of Labor for **West urban; CUUR0400SA0, CUUS0400SA0 (CONSUMER PRICE INDEX – ALL URBAN CONSUMERS; ALL ITEMS; NOT SEASONALLY ADJUSTED).**

(3) **Base index** is a twelve month average of the **CPI-U for West urban; CUUR0400SA0, CUUS0400SA0 (CONSUMER PRICE INDEX – ALL URBAN CONSUMERS; ALL ITEMS; NOT SEASONALLY ADJUSTED), rounded to two decimal places, as follows:**

(i) **For the first Economic Price Adjustment, the Base Index will be the average of the twelve (12) most recent published monthly indices available at time of Final Proposal Revision (FPR).**

(ii) **For subsequent annual Economic Price Adjustments, the Base Index shall be the “Current Price Index” utilized in calculating the immediately preceding Economic Price Adjustment.**

(4) **Current index** is a twelve month average of the **CPI-U for West urban; CUUR0400SA0, CUUS0400SA0 (CONSUMER PRICE INDEX – ALL URBAN CONSUMERS; ALL ITEMS; NOT SEASONALLY ADJUSTED)** using the twelve (12) most recent published monthly indices available at time of the adjustment, with adjustments effective on the anniversary of the Contract Start Date.

(5) **Adjustment amount** shall be the product of the rate of change from the base index to the current index, multiplied by **100** percent of the base price.

(6) **Adjusted price** means the sum, rounded to **two** decimal places, of the base price plus the instant adjustment amount.

(c) It is hereby agreed that—

(1) The prices payable under this contract shall be subject to **a prospective annual** adjustment beginning on the first anniversary of the contract start date, which will be accomplished promptly following publication of the applicable index.

(2) Adjustments to the base price shall be determined by the percentage of change from the base index, as stated in paragraph (b)(3) of this contract clause, to the current index, as defined in paragraph (b)(4) of this contract clause. Adjustments to the base price shall not be compounded.

(3) Adjustment calculations under this contract clause are exemplified below.

Assume:

Index	Northeast urban; CUUS0100SA0, CUUR0100SA0 (CONSUMER PRICE INDEX – ALL URBAN CONSUMERS; ALL ITEMS; NOT SEASONALLY ADJUSTED)
Final Proposal Revision due date	December 31, 2006
Contract Start Date	November 1, 2007
Base Price	\$10,000 per month
Current Index	228.10*
Base Index	214.45**

* The Current Index was computed as follows:

2007			2008									
OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	Average
221.951	223.356	223.425	224.325	225.213	226.926	228.133	230.089	232.649	234.545	233.788	232.841	228.10

Note the indices for October and November 2008 were not used in the computation of the current index. That is because indices are usually released 2 and 3 weeks into the following month. In this example, the adjustment is being performed on November 1, 2008, one year after the Contract Start Date. On that date, the October and November indices were not available. Those indices were published by the Bureau of Labor Statistics between the 2nd and 3rd week of November, for the month of October, and between the 2nd and 3rd week of December, for the month of November.

** The Base Index was computed as follows:

2005	2006											
DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	Average
209.0	211.0	211.60	212.8	214.7	215.7	216.7	217.5	218.1	216.3	215.2	214.8	214.45

Note the index for December 2006 was not used in the computation of the Base Index. Although this index is available at the moment of the adjustment, it was not available at the moment Final Proposal Revisions were submitted because indices are released 2 and 3 weeks into the following month. Please remember that for the first Economic Price Adjustment, the base index will be the average of the twelve (12) most recent published monthly indices available at time of Final Proposal Revisions (FPR).

Calculate rate of change, rounded to four decimal places, ((current index – base index) ÷ base index) from the base index:
 $((228.10 - 214.45) \div 214.45) = .0637$ or 6.37%

Calculate the adjustment amount (index rate of change x base price):
 $(.0637 \times \$10,000) = \637.00

Calculate the adjusted price (base price plus adjustment amount):
 $(\$10,000 + \$637.00) = \$10,637.00$ per month

(d) The Contracting Officer shall obtain the current Price Index and calculate the adjusted price.

(e) Adjustments pursuant to this contract clause shall be made by contract modification showing the calculation of the adjusted contract unit price and specifying its effective date.

(f) No adjustments shall be made **unless the total change in the contract amount for the Monthly Utility Services Charge exceeds \$500.00.**

(g) Notwithstanding any other conditions of this contract clause, no increase(s) in a contract unit price applicable to any annual period of contract performance shall cumulatively exceed the base price for such item by more than **10.00% (ten percent)** of the base price for such item. There shall be no percentage limit on downward adjustments under this contract clause.

(h) In the event--

(1) Any applicable index is discontinued or its method of derivation is altered substantially; or

(2) The Contracting Officer determines that an index consistently and substantially fails to reflect market conditions --the parties shall agree upon an appropriate substitute index and the Contracting Officer shall modify the contract to specify use of such substitute index for determining price adjustments hereunder. The contract shall be modified to reflect such substitute index, effective on the date the index specified in the contract begins to consistently and substantially fail to reflect market conditions. Failure to agree on an appropriate substitute or adjustment shall constitute a dispute under the DISPUTES clause of this contract.

(i) The Contractor shall include a statement on the final invoice that amounts invoiced under this contract reflect all applicable decreases required by the contract clause.

(END OF CLAUSE)

SECTION J

List of Attachments, Exhibits and References

Attachments = Government Issued Documents/Provisions Made Part of the Contract

Exhibits = Contractor Proposal Documents Made Part of the Contract

References = Documents Not Part of the Contract But Included for Ease of Reference

TABLE J.1-1		
Installation- and Utility-Specific Attachments to RFP		
RFP Attachment	Installation	Utility System
JA3	Travis AFB, CA	Water

- Attachment JA39 - Past Performance Information
- Attachment JA40 - Example Completion of Schedules for FP-EPA Type Contracts
- Attachment JA41 - Wage Determination
- Attachment JA42 - B Schedules and Price Data Sheets
- Attachment JA43 - Specialty Skills Training
- Exhibit JE1 - Subcontracting Plan
- Reference JR1 - Sample Bill of Sale
- Reference JR2 - Technical Evaluation Categories
- Reference JR3 - Reserved

SECTION K

Representations, Certifications, and other Statements of Offerors

Offerors shall complete all required information in accordance with FAR 52.204-99, *System for Award Management Registrations (DEVIATION at <http://acquisition.gov>*.

52.204-8 ANNUAL REPRESENTATIONS AND CERTIFICATIONS (MAY 2012)

(a)

(1) The North American Industry classification System (NAICS) code for this acquisition is 221310.

(2) The small business size standard is 7.0 Million.

(3) The small business size standard for a concern which submits an offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.

(b)

(1) If the clause at 52.204-7, Central Contractor Registration, is included in this solicitation, paragraph (d) of this provision applies.

(2) If the clause at 52.204-7 is not included in this solicitation, and the offeror is currently registered in CCR, and has completed the ORCA electronically, the offeror may choose to use paragraph (d) of this provision instead of completing the corresponding individual representations and certification in the solicitation. The offeror shall indicate which option applies by checking one of the following boxes:

(i) Paragraph (d) applies.

(ii) Paragraph (d) does not apply and the offeror has completed the individual representations and certifications in the solicitation.

(c)

(1) The following representations or certifications in ORCA are applicable to this solicitation as indicated:

(i) 52.203-2, Certificate of Independent Price Determination. This provision applies to solicitations when a firm-fixed-price contract or fixed-price contract with economic price adjustment is contemplated, unless—

(A) The acquisition is to be made under the simplified acquisition procedures in Part 13;

(B) The solicitation is a request for technical proposals under two-step sealed bidding procedures; or

(C) The solicitation is for utility services for which rates are set by law or regulation.

(ii) 52.203-11, Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions. This provision applies to solicitations expected to exceed \$150,000.

(iii) 52.204-3, Taxpayer Identification. This provision applies to solicitations that do not include the clause at 52.204-7, Central Contractor Registration.

(iv) 52.204-5, Women-Owned Business (Other Than Small Business). This provision applies to solicitations that—

(A) Are not set aside for small business concerns;

(B) Exceed the simplified acquisition threshold; and

(C) Are for contracts that will be performed in the United States or its outlying areas.

(v) 52.209-2, Prohibition on Contracting with Inverted Domestic Corporations—Representation. This provision applies to solicitations using funds appropriated in fiscal years 2008, 2009, 2010, or 2012.

(vi) 52.209-5; Certification Regarding Responsibility Matters. This provision applies to solicitations where the contract value is expected to exceed the simplified acquisition threshold.

(vii) 52.214-14, Place of Performance--Sealed Bidding. This provision applies to invitations for bids except those in which the place of performance is specified by the Government.

(viii) 52.215-6, Place of Performance. This provision applies to solicitations unless the place of performance is specified by the Government.

(ix) 52.219-1, Small Business Program Representations (Basic & Alternate I). This provision applies to solicitations when the contract will be performed in the United States or its outlying areas.

(A) The basic provision applies when the solicitations are issued by other than DoD, NASA, and the Coast Guard.

(B) The provision with its Alternate I applies to solicitations issued by DoD, NASA, or the Coast Guard.

(x) 52.219-2, Equal Low Bids. This provision applies to solicitations when contracting by sealed bidding and the contract will be performed in the United States or its outlying areas.

(xi) 52.222-22, Previous Contracts and Compliance Reports. This provision applies to solicitations that include the clause at 52.222-26, Equal Opportunity.

(xii) 52.222-25, Affirmative Action Compliance. This provision applies to solicitations, other than those for construction, when the solicitation includes the clause at 52.222-26, Equal Opportunity.

(xiii) 52.222-38, Compliance with Veterans' Employment Reporting Requirements. This provision applies to solicitations when it is anticipated the contract award will exceed the simplified acquisition threshold and the contract is not for acquisition of commercial items.

(xiv) 52.223-1, Biobased Product Certification. This provision applies to solicitations that require the delivery or specify the use of USDA-designated items; or include the clause at 52.223-2, Affirmative Procurement of Biobased Products Under Service and Construction Contracts.

(xv) 52.223-4, Recovered Material Certification. This provision applies to solicitations that are for, or specify the use of, EPA- designated items.

(xvi) 52.225-2, Buy American Act Certificate. This provision applies to solicitations containing the clause at 52.225-1.

(xvii) 52.225-4, Buy American Act--Free Trade Agreements--Israeli Trade Act Certificate. (Basic, Alternates I, II, and III.) This provision applies to solicitations containing the clause at 52.225- 3.

(A) If the acquisition value is less than \$25,000, the basic provision applies.

(B) If the acquisition value is \$25,000 or more but is less than \$50,000, the provision with its Alternate I applies.

(C) If the acquisition value is \$50,000 or more but is less than \$77,494, the provision with its Alternate II applies.

(D) If the acquisition value is \$77,494 or more but is less than \$100,000, the provision with its Alternate III applies.

(xviii) 52.225-6, Trade Agreements Certificate. This provision applies to solicitations containing the clause at 52.225-5.

(xix) 52.225-20, Prohibition on Conducting Restricted Business Operations in Sudan--Certification. This provision applies to all solicitations.

(xx) 52.225-25, Prohibition on Contracting with Entities Engaging in Sanctioned Activities Relating to Iran—Representation and Certification. This provision applies to all solicitations.

(xxi) 52.226-2, Historically Black College or University and Minority Institution Representation. This provision applies to—

(A) Solicitations for research, studies, supplies, or services of the type normally acquired from higher educational institutions; and

(B) For DoD, NASA, and Coast Guard acquisitions, solicitations that contain the clause at 52.219-23, Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns.

(2) The following certifications are applicable as indicated by the Contracting Officer:

[Contracting Officer check as appropriate.]

___ (i) 52.219-22, Small Disadvantaged Business Status.

___ (A) Basic.

___ (B) Alternate I.

___ (ii) 52.222-18, Certification Regarding Knowledge of Child Labor for Listed End Products.

___ (iii) 52.222-48, Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment Certification.

___ (iv) 52.222-52 Exemption from Application of the Service Contract Act to Contracts for Certain Services--Certification.

___ (v) 52.223-9, with its Alternate I, Estimate of Percentage of Recovered Material Content for EPA-Designated Products (Alternate I only).

___ (vi) 52.227-6, Royalty Information.

___ (A) Basic.

___ (B) Alternate I.

___ (vii) 52.227-15, Representation of Limited Rights Data and Restricted Computer Software.

(d) The offeror has completed the annual representations and certifications electronically via the Online Representations and Certifications Application (ORCA) website accessed through <https://www.acquisition.gov> . After reviewing the ORCA database information, the offeror verifies by submission of the offer that the representations and certifications currently posted electronically that apply to this solicitation as indicated in paragraph (c) of this provision have been entered or updated within the last 12 months, are current, accurate, complete, and applicable to this solicitation (including the business size standard applicable to the NAICS code referenced for this solicitation), as of the date of this offer and are incorporated in this offer by reference (see FAR 4.1201); except for the changes identified below [*offeror to insert changes, identifying change by clause number, title, date*]. These amended representation(s) and/or certification(s) are also incorporated in this offer and are current, accurate, and complete as of the date of this offer.

FAR Clause	Title	Date	Change

Any changes provided by the offeror are applicable to this solicitation only, and do not result in an update to the representations and certifications posted on ORCA.

(End of Provision)

52.230-1 Cost Accounting Standards Notices and Certification (May 2012)

Note: This notice does not apply to small businesses or foreign governments. This notice is in three parts, identified by Roman numerals I through III.

Offerors shall examine each part and provide the requested information in order to determine Cost Accounting Standards (CAS) requirements applicable to any resultant contract.

If the offeror is an educational institution, Part II does not apply unless the contemplated contract will be subject to full or modified CAS coverage pursuant to 48 CFR 9903.201-2(c)(5) or 9903.201-2(c)(6), respectively.

I. Disclosure Statement -- Cost Accounting Practices and Certification

(a) Any contract in excess of \$700,000 resulting from this solicitation will be subject to the requirements of the Cost Accounting Standards Board (48 CFR Chapter 99), except for those contracts which are exempt as specified in 48 CFR 9903.201-1.

(b) Any offeror submitting a proposal which, if accepted, will result in a contract subject to the requirements of 48 CFR Chapter 99 must, as a condition of contracting, submit a Disclosure Statement as required by 48 CFR 9903.202. When required, the Disclosure Statement must be submitted as a part of the offeror's proposal under this solicitation unless the offeror has already submitted a Disclosure Statement disclosing the practices used in connection with the pricing of this proposal. If an applicable Disclosure Statement has already been submitted, the offeror may satisfy the requirement for submission by providing the information requested in paragraph (c) of Part I of this provision.

Caution: In the absence of specific regulations or agreement, a practice disclosed in a Disclosure Statement shall not, by virtue of such disclosure, be deemed to be a proper, approved, or agreed-to practice for pricing proposals or accumulating and reporting contract performance cost data.

(c) Check the appropriate box below:

* (1) *Certificate of Concurrent Submission of Disclosure Statement.* The offeror hereby certifies that, as a part of the offer, copies of the Disclosure Statement have been submitted as follows:

(i) Original and one copy to the cognizant Administrative Contracting Officer (ACO) or cognizant Federal agency official authorized to act in that capacity (Federal official), as applicable; and

(ii) One copy to the cognizant Federal auditor.

(Disclosure must be on Form No. CASB DS-1 or CASB DS-2, as applicable. Forms may be obtained from the

cognizant ACO or Federal official and/or from the loose-leaf version of the Federal Acquisition Regulation.)

Date of Disclosure Statement: _____
Name and Address of Cognizant ACO or Federal
Official Where Filed: _____

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement.

* (2) *Certificate of Previously Submitted Disclosure Statement.* The offeror hereby certifies that the required Disclosure Statement was filed as follows:

Date of Disclosure Statement: _____ Name and
Address of Cognizant ACO or Federal Official Where Filed:

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the applicable Disclosure Statement.

* (3) *Certificate of Monetary Exemption.* The offeror hereby certifies that the offeror, together with all divisions, subsidiaries, and affiliates under common control, did not receive net awards of negotiated prime contracts and subcontracts subject to CAS totaling \$50 million or more in the cost accounting period immediately preceding the period in which this proposal was submitted. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

* (4) *Certificate of Interim Exemption.* The offeror hereby certifies that

(i) the offeror first exceeded the monetary exemption for disclosure, as defined in (3) of this subsection, in the cost accounting period immediately preceding the period in which this offer was submitted and

(ii) in accordance with 48 CFR 9903.202-1, the offeror is not yet required to submit a Disclosure Statement. The offeror further certifies that if an award resulting from this proposal has not been made within 90 days after the end of that period, the offeror will immediately submit a revised certificate to the Contracting Officer, in the form specified under subparagraph (c)(1) or (c)(2) of Part I of this provision, as appropriate, to verify submission of a completed Disclosure Statement.

Caution: Offerors currently required to disclose because they were awarded a CAS-covered prime contract or subcontract of \$50 million or more in the current cost accounting period may not claim this exemption (4). Further, the exemption applies only in connection with proposals submitted before expiration of the 90-day period following the cost accounting period in which the monetary exemption was exceeded.

If the offeror is eligible to use the modified provisions of 48 CFR 9903.201-2(b) and elects to do so, the offeror shall indicate by checking the box below. Checking the box below shall mean that the resultant contract is subject to the Disclosure and Consistency of Cost Accounting Practices clause in lieu of the Cost Accounting Standards clause.

* The offeror hereby claims an exemption from the Cost Accounting Standards clause under the provisions of 48 CFR 9903.201-2(b) and certifies that the offeror is eligible for use of the Disclosure and Consistency of Cost Accounting Practices clause because during the cost accounting period immediately preceding the period in which this proposal was submitted, the offeror received less than \$50 million in awards of CAS-covered prime contracts and subcontracts. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

Caution: An offeror may not claim the above eligibility for modified contract coverage if this proposal is expected to result in the award of a CAS-covered contract of \$50 million or more or if, during its current cost accounting period, the offeror has been awarded a single CAS-covered prime contract or subcontract of \$50 million or more.

III. Additional Cost Accounting Standards Applicable to Existing Contracts

The offeror shall indicate below whether award of the contemplated contract would, in accordance with subparagraph (a)(3) of the Cost Accounting Standards clause, require a change in established cost accounting practices affecting existing contracts and subcontracts.

* yes * no

(End of Provision)

Section L

Instructions, Conditions, and Notices to Offerors

L.1 FAR 52.252-1: Solicitation Provisions Incorporated by Reference (FEB 1998)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. The offeror is cautioned that the listed provisions may include blocks that must be completed by the offeror and submitted with its quotation or offer. In lieu of submitting the full text of those provisions, the offeror may identify the provision by paragraph identifier and provide the appropriate information with its quotation or offer.

The full text of a solicitation provision may be accessed electronically at these addresses: <http://farsite.hill.af.mil> (all provisions) and <http://www.acquisition.gov/>.

The following FAR and DFARS clauses are incorporated by reference:

Paragraph	Clause Title	Date
52.204-6	Data Universal Numbering System (DUNS) Number (IAW FAR 4.607(a))	Apr 2008
52.211-14	Notice of Priority Rating for National Defense, Emergency Preparedness, and Energy Program Use (IAW FAR 11.604(a))	Apr 2008
52.215-1	Instructions to Offerors—Competitive Acquisitions - Alt II (IAW FAR 15.209(a)(2))	Jan 2004
52.215-16	Facilities Capital Cost of Money (IAW FAR 15.408(h))	Jun 2003
52.222-24	Pre-award On-Site Equal Opportunity Compliance Evaluation (IAW FAR 22.810(c))	Feb 1999
52.232-38	Submission of Electronic Funds Transfer Information with Offer (IAW 32.1110(g))	May 1999
52.237-1	Site Visit (IAW FAR 37.110(a))	Apr 1984
252.204-7001	Commercial and Government Entity (CAGE) Code Reporting (IAW DFARS 204.7207)	Aug 1999

FAR 52.215-20 Requirement for Cost of Pricing Data or Information Other Than Cost or Pricing Data (OCT 2010)

(a) *Exceptions from certified cost or pricing data.*

(1) In lieu of submitting certified cost or pricing data, offerors may submit a written request for exception by submitting the information described in the following subparagraphs. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted, and whether the price is fair and reasonable.

(i) *Identification of the law or regulation establishing the price offered.* If the price is controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document, unless it was previously submitted to the contracting office.

(ii) *Commercial item exception.* For a commercial item exception, the offeror shall submit, at a minimum, information on prices at which the same item or similar items have previously been sold in the commercial market that is adequate for evaluating the reasonableness of the price for this acquisition. Such information may include –

(A) For catalog items, a copy of or identification of the catalog and its date, or the appropriate pages for the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted. Provide a copy or describe current discount policies and price lists (published or unpublished), *e.g.*, wholesale, original equipment manufacturer, or reseller. Also explain the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities;

(B) For market-priced items, the source and date or period of the market quotation or other basis for market price, the base amount, and applicable discounts. In addition, describe the nature of the market;

(C) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item.

(2) The offeror grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this provision, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the offeror's determination of the prices to be offered in the catalog or marketplace.

(b) *Requirements for certified cost or pricing data.* If the offeror is not granted an exception from the requirement to submit certified cost or pricing data, the following applies:

(1) The offeror shall prepare and submit certified cost or pricing data, and data other than certified cost or pricing data, and supporting attachments in accordance with the instructions contained in Table 15-2 of FAR 15.408, which is incorporated by reference with the same force and effect as though it were inserted here in full text. The instructions in Table 15-2 are incorporated as a mandatory format to be used in this contract, unless the Contracting Officer and the Contractor agree to a different format and change this clause to use Alternate I.

(2) As soon as practicable after agreement on price, but before contract award (except for unpriced actions such as letter contracts), the offeror shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.406-2.

(End of Provision)

Alternate IV (Oct 2010). As prescribed in [15.408\(1\)](#), replace the text of the basic provision with the following:

(a) Submission of certified cost or pricing data is not required.

(b) Provide information described below: *[Insert description of the data and the format that are required, including the access to records necessary to permit an adequate evaluation of the proposed price in accordance with 15.403-3.]*

FAR 52.216-1 Type of Contract (APR 1984)

The Government contemplates award of either a Regulated Tariff or Fixed-Price with Economic Price Adjustment contract resulting from this solicitation.

FAR 52.233-2 Service of Protest (Sept 2006)

(a) Protests, as defined in section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the Government Accountability Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from: See Block 8 of SF 33.

(b) The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.

DLAD 52.233-9000 AGENCY PROTESTS (SEP 1999)

Companies protesting this procurement may file a protest (1) with the Contracting Officer, (2) with the Government Accountability Office, or (3) pursuant to Executive Order No. 12979, with the Agency for a decision by the Activity's Chief of the Contracting Office. Protests filed with the Agency should clearly state that they are an "Agency Level Protest under Executive Order No. 12979." (NOTE: DLA procedures for Agency Level Protests filed under Executive Order No. 12979 allow for a higher level decision on the initial protest than would occur with a protest to the Contracting Officer; this process is not an appellate review of a Contracting Officer's decision on a protest previously filed with the Contracting Officer.) Absent a clear indication of the intent to file an agency level protest, protests will be presumed to be protests to the Contracting Officer.

L.2 Information to Offerors

L.2.1 General Information

L.2.1.1 Conveyance

The Government will only acquire utility services if the Air Force issues a decision to convey the utility system(s). The Air Force's decision whether to convey will be made in accordance with 10 U.S.C. § 2688, guidance issued by the Department of Defense, and Air Force policy. Award will only be made, if at all, by the duly authorized execution of the utility services contract which is contingent upon the actual conveyance of the system. If for any reason conveyance does not occur, the Government's termination liability will be limited to transition costs.

The sale of the utility system(s) is not governed by the FAR, the Federal Property and Administrative Services Act of 1949, or any of their implementing regulations. The Government may choose to adopt and adapt for use in the sale the processes and methods typically utilized in those laws and regulations but, by doing so, are not thereby subjecting the sale to those laws and regulations. The purchase of utility service(s) is an acquisition and will be governed by the FAR and its applicable supplements.

L.2.1.2 Award of a Utility Services Contract

If the offeror is awarded multiple systems, then a single contract will be awarded for the systems. Therefore, the number of awards may be less than the number of systems listed in the solicitation.

The Government reserves the right to make no award to any Offeror. If it does make award, the Government does not guarantee renewal of the utility services contract at the end of the contract period.

L.2.1.3 Point of Contact

OFFERORS REQUESTING INFORMATION REGARDING THIS SOLICITATION SHALL CONTACT THE CONTRACTING OFFICER ONLY. CONTACTS TO OTHER GOVERNMENT PERSONNEL OR NON-GOVERNMENT ADVISORS ARE PROHIBITED. The Contracting Officer or his/her designated representatives are the only persons authorized to contact Offerors, and the Contracting Officer is the only person authorized to release information regarding an ongoing Source Selection. Refer questions or communications concerning this solicitation directly to the contracting personnel identified in Blocks 7 and 8 of the SF 33, no later than 30 days prior to the proposal due date. Include the Contracting Officer on all such communications (electronic mail is the preferred method).

L.2.1.4 Debriefings

All offerors may request debriefings by providing a written request to the PCO at the address located in Block 8 of SF33 within 3 calendar days after receiving notification from the PCO of elimination from the competitive range or award of contract. To the maximum extent practicable, debriefings will be conducted within 5 days of the debriefing request.

If an offeror believes that the requirements in these instructions contain an error or omission, or are otherwise unsound, the offeror shall immediately notify the PCO in writing with supporting rationale.

L.2.1.5 Use of Non-Government Advisors

Offerors are advised that data submitted to the Government in response to this solicitation may be released to non-government advisors for review and analysis. These advisors may be required to provide advice within their area of expertise regarding proposal strengths, weaknesses, inadequacies, risks, and deficiencies. Non-government advisors will be subject to civil and criminal penalties associated with any release of information pursuant to FAR 3.104.

If the offeror has any objection to non-government advisor access to its proposal information, the offeror shall provide grounds and justification for its objections. The non-government advisors are:

Northrop Grumman Space & Mission Corporation and AECOM

Note: The companies listed above may not assist or participate in preparation or submission of any proposal associated with this acquisition.

L.2.1.6 Site Visits and Preproposal Conferences

Pursuant to FAR 52.237-1, *Site Visit*, a site visit(s) will be scheduled (see below). All offerors intending to submit an offer on a utility system may attend the site visit. The site visit is intended to provide prospective offerors with adequate information to prepare proposals. Pot holing (digging up underground utilities to check/verify condition) by the attendees during the site visit will not be permitted. In conjunction with the site visit(s), a preproposal conference will be held where offerors will be given the opportunity to ask questions. Results of the preproposal conference will be documented and made available to all interested offerors.

PREPROPOSAL CONFERENCE: A pre-proposal conference will be scheduled (see below). Offerors must register for this conference via email by contacting the points of contact listed in Blocks 7 and 8 of the SF 33. Details regarding exact location and security requirements will be provided upon registration.

In order to make the conference as productive as possible, offerors are requested to submit any questions in writing (electronic mail is preferred) at least five working days in advance of the conference to the points of contact listed in Blocks 7 and 8 of the SF 33.

The following is the schedule for the site visits and pre-proposal conference (subject to change):

(1) Pre-proposal Conference:

Installation	Date	Time
Travis AFB, CA	October 16, 2012	1:00 pm - 4:00 pm

(2) Site Visit

Installation	Date	Time
Travis AFB, CA	October 17, 2012	8:00 am - 4:00 pm

NOTE: At any time, offerors may request additional site visits through the Contracting Officer.

L.2.1.7 Technical Library

All Technical Library information to include maps and technical data will be made available to offerors to the maximum extent possible. The Technical Library information will be available at the Pre-proposal Conference for those interested parties that request a copy and already obtained a Joint Certification Program (JCP) certification (see L.2.1.8 Instructions for access to the FBO Secure Site) no later than October 12, 2012. Please be advised that only one copy of the Technical Library will be available per company. Non-disclosure agreements may be required by the Installation, and if required, will be provided to offerors when registering for the pre-proposal conference. For those interested parties that are not able to attend the Pre-Proposal Conference and/or Site Visit, please submit a request to the individuals in the paragraph above, and provide the company mailing address where FedEx packages can be received and we will mail you a copy of the Technical Library.

L.2.1.8 Instructions for access to the FBO Secure Site

To access the secured, but unclassified, documents in the Federal Business Opportunity (“FedBizOpps” or “FBO”) system, offerors must:

1. Be registered in the System for Award Management (SAM) at <https://www.sam.gov>.
2. Once registered in CCR, go to the FBO website at www.fbo.gov and log in. Verify your CCR registration within the FBO system. The FBO Vendor Guide is available at https://www.fbo.gov/downloads/FBO_Vendor_Guide.pdf to provide assistance.
3. Once your CCR registration is verified in the FBO system, click on the secured document link, which should then provide you with the corresponding link for the DD2345 - Military Critical Technical Data Agreement Form. You can also find the DD2345 at <http://www.dlis.dla.mil/JCP/forms/DD2345Form.pdf>. Fill out the DD2345 form and submit a hard copy of the original form, together with all required documentation, to the Defense Logistics Information Service (DLIS), U.S./Canada Joint Certification Program (JCP), at the address listed on the form. JCP will return an approved and signed certified form, which will include your certification and expiration date within five days of receipt. Please note that delays may be incurred if forms and/or required documentation are incomplete or incorrect. Additionally, it can take up to 24 hours for the JCP information to reach all systems.

4. Once you receive the approved DD2345 form from JCP and have verified your status on the JCP website, enter the FBO system and click on the secure document link. The FBO system will require you to enter your MPIN.
 1. The MPIN number is a mandatory data element created by the CCR registrant and must have nine characters: at least one letter (upper or lower case) and one number. No spaces or special characters are permitted. It allows access to related acquisition systems (i.e. ORCA and PPIRS). It also serves as a validation to access sensitive but unclassified documents associated with a notice posted to FBO.
5. Following verification of the MPIN in FBO, vendors will submit a request for explicit access to the secure documents through the FBO system by clicking on the secure document line, then clicking the “Request Explicit Access” button. Once vendors request explicit access, the FBO system will send notification to the DLA Energy personnel assigned to the procurement, who will approve the request in the system. Vendors will receive an email once the access request has been approved by DLA Energy.
6. Once the MPIN has been verified in the FBO system, and explicit access has been granted, vendors will be able to enter the system and view the secure documents.

L.2.1.9 Proprietary Information

Information deemed by the offeror to be proprietary shall be clearly marked as proprietary information. Proposals submitted in response to this solicitation will not be returned.

L.2.1.10 Period of Validity

The proposal and any revisions shall remain valid for **300 days** from the required submission date(s).

L.2.1.11 Contractor Selection

Selection of a Contractor will be based on a best value determination consistent with the evaluation factors described in Section M, *Evaluation Factors for Award*. Pursuant to the provisions of the clause at FAR 52.215-1, *Instructions to Offerors – Competitive Acquisition*, the Government intends to evaluate and award a contract without discussions with offerors (except clarifications as described in FAR 15.306(a)). Therefore, the offeror’s initial proposal should contain the offeror’s best terms from a cost or price and technical standpoint. The Government reserves the right to conduct discussions if the Contracting Officer later determines them to be necessary.

L.3 Proposal Preparation Instructions – General

This section provides general guidance for preparing proposals and proposal revisions, as well as specific instructions on the format and content of the proposal. The offeror’s proposal must include all data and information requested by these instructions and must be submitted in accordance with these instructions.

The Government will read/evaluate only the maximum number of pages allowed. The Government may refuse to consider proposals that do not conform to the specified organization, content, and page limitations.

NOTE: Submissions using Microsoft Office applications should be in Microsoft (MS) Word 2007 and MS Excel 2007 versions or newer.

L.3.1 Proposal Organization/Page Limits

Offerors are required to submit proposals as set forth in the table below. The titles, contents, and page limits of each volume shall be as defined in the table below.

Volume	Title	Maximum Page Limit
I	Technical Proposal (Written)	200 (PER SYSTEM)
II	Past Performance	50 (PER SYSTEM)
III	Contract Documentation	None
IV	Price Proposal	None

L.3.2 Proposal Format

The proposal shall be clear and concise, and shall include sufficient detail for effective evaluation and for substantiating the validity of stated claims. **The proposal shall not simply restate or rephrase the Government's requirements, but rather provide a convincing rationale explaining how the offeror intends to meet these requirements.** Offerors shall assume that the Government has no prior knowledge of their facilities and experience, and will base its evaluation on the information presented in the offeror's proposal. **Each volume shall be written on a stand-alone basis so that its contents may be evaluated without cross-referencing.** Elaborate graphics (other than plans or drawings), multi-media functions (for example, video clips or sound bites), or other embellishments are not necessary and will not be considered in evaluations.

L.3.3 Submittal

Offeror shall submit one signed, original hard copy with each volume in a separate three-ring binder. The offeror shall also submit four electronic copies of its proposal. The original, hard copy submission will be considered as the official submission. In the event there are discrepancies between hard copy and electronic submissions, the hard copy submission will be used for evaluation of the offer. **Facsimile offers will not be accepted.**

L.3.4 Electronic Proposals

Offerors shall submit their electronic proposals on CD ROM disks. All volumes shall be submitted on each CD. Offeror(s) shall submit proposal files in *MS Word 2007 and MS Excel 2007* or newer format with a table of contents (roadmap) of the proposal structure. The Price Volume may be developed in application-specific files, but shall be submitted using *MS Word 2007 and MS Excel 2007* or newer format. The minimum requirement for hypertext link is a table of contents linked to each file provided in the proposal. Additional hypertext links within the proposal are at the offeror's discretion.

Electronic proposal files should be no more than five megabytes (5MB) in size. Any scanned documents incorporated into an offeror's proposal shall be split into multiple files so that each individual file is no more than 5MB. If multiple files are required for a given volume, offerors shall organize their electronic submission so that each volume is contained in a separate directory. Each CD shall contain an electronic label, which is to be established on the CD when the CD is formatted. No password-protected, zipped, or self-extracting files shall be used.

Each offeror shall provide certified, virus-free CDs. Offerors are reminded that if the hard copy version contains restrictive legends, the CD shall contain the same markings.

L.3.5 Pages and Typing

Page size shall be 8½ by 11 inches (portrait format) or 11 by 8½ inches (landscape format). Landscape pages may not be used for pages of text. Landscape pages of 11 by 8 ½ or 11 by 17 inches may be used for large tables, charts, graphs, figures/diagrams, illustration/drawings, and maps. Pages sized 11 by 17 inches will be counted as two pages.

Text shall be single-spaced in 11-point font. Font size of 10 point may be used for tables, captions, matrices, maps, and header and footer information. For charts, graphs, and figures/diagrams, the font shall be no smaller than 8 point. Use 1-inch margins on the top, bottom, and sides. Pages will be numbered by section within each volume. These page format restrictions shall also apply to responses to any correspondence provided during the negotiation process.

Each page shall be counted except for the following: cover pages, table of contents, cross-reference matrix, tabs, glossaries, and attachments (tariffs, statutes, operating manuals, performance specifications, etc.).

L.3.6 Cost or Pricing Information

All cost or pricing information shall be addressed in the price proposal. Price trade-off information, work-hour estimates, and material kinds and quantities may be used in other volumes as appropriate to support design and trade-off decisions.

L.3.7 Proposal Structure

Each section or part of the offeror's proposal shall clearly identify the specific solicitation requirements it addresses.

L.3.8 Cross-Reference Matrix

Offerors shall provide a cross-reference matrix that identifies where in the proposal each requirement of Section C, *Description/Specifications/Work Statement*, is addressed. The purpose of this matrix is to aid the Government's evaluation of the proposals, thereby ensuring no requirements have been overlooked.

L.3.9 Glossary of Abbreviations and Acronyms

Each proposal volume shall contain a glossary of abbreviations and acronyms. Glossaries will not count against the page limitations for their respective volumes.

L.3.10 Documents Incorporated by Reference

Offerors may incorporate by reference documents such as statutes, tariffs, operating manuals, performance specifications, etc. within the proposal volumes in lieu of the specifically requested information in this section. However, the full text documents shall be provided in an appendix to the proposal.

L.3.11 Proposal Revisions

When submitting revised proposals offerors shall submit changes in accordance with the following:

1. Proposal revisions shall be submitted as one original hard copy with changes accepted and eight electronic proposal revisions on CDs, four CDs with changes shown and four CDs with changes accepted. The original, hard copy submission will be considered as the official submission. In the event there are discrepancies between hard copy and electronic submissions, the hard copy submission will be used for evaluation of the offer.
2. Changes shall be marked by a change bar in the margin to indicate the changed part of each page or for file formats without this capability, such as MS Excel, a separate table shall be submitted indicating the location of each change and identifying the nature of the change.

L.4 Proposal Preparation Instructions – Volume I: Technical Proposal

The Technical Proposal Volume must be specific and complete. A separate Volume I must be submitted for each type of utility system included in the proposal. Offerors shall base their proposals on the inventory listed in the utility-specific attachments. For proposals that include the same type of utility system on more than one Installation, a single volume may be submitted. However, offerors shall specifically address and clearly identify Installation-specific requirements as part of the volume.

The technical proposal shall describe the offeror's capability to provide the level of utility services required by this solicitation. It should be specific and complete in every detail. Proposals that merely offer to provide service in accordance with Section C, *Description/Specifications/Work Statement*, will be considered technically unacceptable and may not be considered further.

The technical proposal shall specifically address each of the Technical Capability subfactors.

The Technical Capability subfactors are:

1. Service Interruption/Contingency and Catastrophic Loss Plan
2. Operations and Maintenance/Quality Management Plan
3. Initial System Deficiency Corrections/Upgrades/Connections and Renewals and Replacements Plan
4. Operational Transition Plan

NOTE: An overview of the technical evaluation categories used by the Government is found in Section J, Reference JR2, Technical Evaluation Categories. The categories listed in Reference JR3 are provided as a supplement to the minimum requirements listed for each subfactor below. Offerors should ensure these items (both the minimum subfactor requirements below, as well as the Reference JR3 categories) are addressed in their Volume I technical proposals.

L.4.1 Subfactor 1: Service Interruption/Contingency and Catastrophic Loss Plan

Offerors shall submit a Service Interruption/Contingency and Catastrophic Loss Plan in accordance with applicable requirements of Section C, *Description/Specifications/Work Statement*. The Service Interruption/Contingency and Catastrophic Loss Plan will be incorporated into the contract at time of award. The Service Interruption/Contingency and Catastrophic Loss Plan shall, at a minimum, address the following:

L.4.1.1. Service Interruption/Contingency

1. Defined procedures and provisions for responding to all service interruptions, both under normal daily operations and during disaster/contingency operations.
 - a) Discussion of the expected causes of service interruption and how each would be handled both internally and externally by the offeror.
 - b) Procedures for handling each type of service call (e.g., emergency, urgent, and routine) from notification to completion (may use diagrams, Gantt Charts, flow charts, etc.).
 - c) Estimated response and remedy/downgrade times for each type of service call (e.g., emergency, urgent, and routine).
 - d) Estimated time for establishment of temporary service.
 - e) Estimated time for reestablishment of permanent service.
 - f) Discussion of Government notification procedures.
 - g) Emergency Restoration Plan in the event of widespread utility outage.

- h) Discussion of Installation-specific requirements, and any resultant procedures/provisions necessary to sufficiently address those requirements when responding to a service interruption.
- 2. Resources to be utilized in the implementation of the procedures described in the Plan including a description of the staffing and management personnel that will be available to ensure prompt response to emergency situations.

L.4.1.2 Catastrophic Loss

- 1. Describe how the offeror plans to protect itself (both financially and in terms of physical assets) from a catastrophic loss or event that significantly affects the utility system(s). NOTE: A catastrophic loss or event includes but is not limited to widespread vandalism, acts of God, or a Public Enemy.
- 2. Identify how the offeror will bring the system back into service expeditiously following any such catastrophic loss or event.
- 3. Identify any intent to rely on the Federal Emergency Management Agency (FEMA) or other Government relief agencies for financial assistance in recovering from any catastrophic loss or event and identify to what extent, if any, the Contractor would expect reimbursement under the contract.
- 4. Identify any catastrophic insurance.

L.4.2 Subfactor 2: Operations and Maintenance/Quality Management Plan

Offerors shall submit an Operations and Maintenance/Quality Management Plan (Plan) in accordance with applicable requirements of Section C, *Description/Specifications/Work Statement*. Regulated utilities who have submitted documents similar to the requested Plan to their State Utility Regulatory Commission may submit that documentation in lieu of the specifically requested information in this section. However, if the regulated utility chooses that option, it remains the responsibility of the regulated utility to clearly demonstrate how all of the applicable Government requirements have been addressed. The Plan will be incorporated into the contract at time of award. The Plan shall be divided into two sections, one describing the offeror’s policies, practices, and procedures for operations and maintenance (to include performance standards and/or specifications for the provision of utility services), and the other section describing the offeror’s policies, practices, and procedures for quality management.

L.4.2.1. Service Standards Criteria

When developing the Plan, the service standards criteria listed in Table L-1 shall be addressed if applicable.

TABLE L-1
Service Standards Criteria

<u>Water System</u>
Water Quality
Reliability
Recurring and Preventative Maintenance
Sampling / Analysis
Maintaining System Pressure
Demand and Distribution Capacity
Water Storage Requirements

Fire Flow Capacity / Duration
Corrosion Control (to include Cathodic Protection)
Minimization of Leaks and Losses
Minimization of Water Use
Safety of Government Personnel and Property
Service Connection Standards and Specifications
Exterior Backflow Prevention
Water and Sewer Line Separation
New Construction Standards
Commissioning Standards
Color Identification and Markings
System Inspections
Meter and Equipment Calibration
Service Interruption Frequency
Operating Permits
Employee Certifications
Disaster Recovery

L.4.2.2 Operations and Maintenance

L.4.2.2.1 Performance Standards

The utility system(s) shall be operated and maintained in accordance with all applicable federal, state, and local laws/regulations and the most current version of any specific requirements defined in the utility-specific attachments. At a minimum, performance standards and/or specifications shall follow best engineering and management practices consistent with the following:

1. Electric distribution system(s): National Electric Safety Code (American National Standards Institute (ANSI)-C2), National Electrical Manufacturers Association (NEMA), National Electric Code (NFPA-70), and current reference materials published by the Institute of Electrical and Electronic Engineers (IEEE), the Illuminating Engineering Society (IES), and the Insulated Cable Engineers Association (ICEA).
2. Water distribution and wastewater collection system(s): The most recent edition of reference materials published by the American Water Works Association (AWWA), Water Environment Federation (WEF), American Society of Civil Engineers (ASCE), National Fire Protection Association (NFPA), and Factory Mutual Global.

3. Natural gas distribution system(s): Code of Federal Regulations (CFR), Title 49 Parts 190, 191, 192 and 199 and the *DOT Guidance Manual for Operators of Small Natural Gas Systems*.
4. Additional standards for operations and maintenance of the utility system the offeror proposes.

L.4.2.3 Quality Management

Additionally, the Quality Management section of the Plan shall include, but not limited to, the following:

1. A comprehensive narrative description of how the offeror plans to operate and maintain the utility system(s) in a manner that will satisfy, at a minimum, the requirements of this solicitation.
2. A comprehensive narrative description of the processes for obtaining customer feedback and translating feedback into appropriate process improvements.
3. A comprehensive narrative description of how the offeror plans to implement a proven system of inspections or other quality assessment procedures and techniques.
4. A comprehensive narrative description of its proposed record keeping processes.
5. For wastewater treatment systems, a Wastewater Environmental Compliance Plan which provides a narrative discussion of the responsibilities for any generated wastes entering, processed by, and discharged from the treatment facilities. This Plan shall clearly define all interface points and responsibilities (from waste generation through waste discharge or disposal – i.e., “cradle-to-grave”) for transferring materials to/from the wastewater treatment system between the Government, Contractor, disposal facilities, and any regulatory bodies.
6. For each of the proposed service standards criteria, if applicable, listed in Table L-1, a description of the applicable performance standard(s) and/or specification(s), and how they will be met.
7. A discussion and/or listing of standards and specifications not established anywhere else in the solicitation.
8. Definition of the process by which Government-requested facility and infrastructure expansions would be implemented by the offeror.
9. Description of how the proposal satisfies the requirements related to compliance with applicable environmental, safety, and OSHA laws and regulations.
10. A listing and description of opportunities for efficiencies in utility operations, specific to the type(s) of utility system(s) within this solicitation. Opportunities for efficiencies will consist of market-based solutions to improve system utilization as well as technological enhancements. The offeror will also identify cost savings associated with the opportunities for efficiencies included within its proposal.
11. Description of how technical information shall be managed and the means by which access will be provided to the Government and other Government contractors.
12. Description of how specialty skills training (if required) will be addressed, to include type(s) of training, location(s) of training, and corresponding administrative support.
13. Description of any quality awards or certifications that indicate the offeror possesses a high-quality process for providing required services. Such awards or certifications include the Malcolm Baldrige Quality Award, other government quality awards, and private sector awards or certifications. Description of the significance and applicability of particular awards, as they relate to the required services, should be provided.

14. Proposed staffing plan, which clearly defines the qualifications of each staff position for the operation of the utility system. The staffing plan shall also identify training and certifications required for each staff position and the Contractor's approach to ensuring personnel are current in training and certifications. The plan shall also provide a description of the type(s) of work that is envisioned to be potentially performed by subcontractors vice in-house staff.

If relevant, a regulated utility may cite current operating standards and procedures required by the State Utility Regulatory Commission in satisfaction of the above requirements. However, if the regulated utility chooses that option, it remains the responsibility of the regulated utility to clearly demonstrate how all of the applicable Government requirements have been addressed.

L.4.3 Subfactor 3: Initial System Deficiency Corrections/Upgrades/Connections and Renewals and Replacements Plan

Offerors shall submit an Initial System Deficiency Corrections (ISDC)/Upgrades/Connections and Renewals and Replacements (R&R) Plan (Plan) in accordance with applicable requirements of Section C, *Description/Specifications/Work Statement*. The Plan will be incorporated into the contract at time of award.

The Plan shall describe in detail the purpose, scope, and cost of the ISDCs and provide a detailed description of the offeror's procedures for identifying, financing, and scheduling long-term capital renewals, connections and System Deficiency Corrections (SDC)/Upgrades. The Plan shall include, at a minimum, the following:

1. Detailed description of all proposed ISDCs/Upgrades and initial R&R to the utility system. A schedule for implementing proposed ISDC/Upgrades and initial R&R shall be included. Note: All ISDCs and R&R shall include all appurtenances necessary for each individual project to be considered complete and usable immediately upon its completion.
2. Identification, justification, and detailed description of any offeror-recommended additional SDC/Upgrades and/or improvements to increase the efficiency of system operations.
3. As applicable, conceptual plans for, including methods for monitoring the effectiveness of, energy efficiencies and conservation projects for purposes as defined in Section C, *Energy and/or Water Efficiencies and Conservation and Renewable Energy Generation*.
4. Conceptual methodology that will be used for scheduling R&R for the duration of the contract to ensure long-term efficient level of service. In addition to the conceptual methodology, the detailed 50-year renewal and replacement schedule (B.3.2 Price Data Sheet 2) shall be included with the technical proposal without costs shown.
5. Describe in detail the offeror's procedures for identifying, financing, and scheduling long-term capital renewals and SDC/Upgrades. Also include a description of the offeror's methodology to identify and assess new or revised standards/technologies (that may be advantageous to the Government), and how the offeror may incorporate such improvements into the utility system(s).
6. Description of proposed process for satisfactorily responding to requests made by the Government for system enhancements, including financing and arrangements for their installation.

The Contractor is encouraged to propose SDCs/Upgrades to the Government that will increase the overall efficiency of the utility system(s). Efficiency SDCs/Upgrades shall be proposed to the Government in accordance with Section C, *SDCs/Upgrades/Connections and Renewals and Replacements*. The Government may consider cost-savings sharing and incentives either through utility services charge adjustments or lump-sum payments.

L.4.4 Subfactor 4: Operational Transition Plan

The offeror shall submit an Operational Transition Plan (Plan) in accordance with applicable requirements of Section C, *Description/Specifications/Work Statement*. The Plan shall propose an adequate transition period and schedule for turnover of the facilities, equipment, permits, operation and maintenance, and other responsibilities to include any new construction, installation of meters required for utility billing, turnover of meter readings and billing responsibilities, on-site familiarization, and the process for evaluating existing employees for employment. The Plan must discuss any system condition that will require the offeror to accomplish work in advance of conveyance and include such work as a transition project.

Installation- and utility-specific transition items are listed in the utility-specific attachments. In no case shall the Government accept any transition event until the Contractor demonstrates full capability or the event is otherwise completed. The Plan is subject to final acceptance by the Contracting Officer. The Plan shall include, at a minimum, the following:

1. Length of Transition Period: The offeror shall propose a timeframe in terms of months on which the offeror will assume full responsibility for the utility system(s) and for providing utility service(s) as defined in Section F, *Commencement of Utility Services*. The offeror will also outline its plans for onsite familiarization, the transition of system operations, and any transition construction necessary in advance of conveyance. The contract start date shall occur on the first day of a given month.
2. Connection Requirements: The Plan shall include a detailed plan and schedule for the implementation/completion of new connections as a result of system transfer, if identified in the utility-specific attachments, or any new connections as proposed by the offeror. The Plan shall include procedures for notification of any related outages.
3. New Meter Requirements: The Plan shall include a detailed plan and schedule for installing new meters, if identified in the utility-specific attachments as a transition requirement, or any new meters as may be proposed by the offeror.
4. Permits and Procedures: The Government will make initial notification to state agencies regarding the termination or transfer of environmental permits and/or other items, if needed. The Plan shall include a detailed plan and schedule for the transfer or acquisition of permits as required. It is essential that advanced planning occurs and the Contractor initiates the acquisition of permits within one week after the transition period begins.
5. Inventory and Transfer Requirements: Contractor-developed checklists will be the basis for the transfer of operations to the Contractor.
 - a) Inventory and Transfer of Facilities and Fixed Equipment: The Plan shall include a detailed plan, schedule, and checklist for the joint inventory of all facilities and fixed equipment, to include building structures and installed equipment.
 - b) Inventory and Transfer of Non-fixed Equipment, Spare Parts, and Personal Property: The Plan shall include a detailed plan, schedule, and checklist for the joint inventory of personal property transferring from the Government to the Contractor.
 - c) Transfer of Manuals and Records: The Plan shall include a detailed plan, schedule, and checklist for the joint inventory of all operating manuals, record drawings, plans and specifications, maintenance records, and other such information available for each utility system.
 - d) Joint Inventory Execution/Timeline: The joint inventory shall be completed prior to the contract start date in accordance with Section C, *Operational Transition Plan*. Failure to submit a timely joint inventory that results in an extension of the transition period and a delayed contract start date will not be compensated by the Government if the failure is solely attributable in any way to the acts or omissions of the Contractor.

6. **Initial Meter Readings:** The Plan shall include a detailed plan and schedule for joint meter readings for secondary meters in place prior to transition.
7. **Authorized Personnel and Points of Contact:** The Plan shall clearly define all offeror personnel holding authority to sign for transfer of operations and property. This shall include the name, title, and clear definition of authority or limitations in authority for each person who will sign for acceptance of final transition. The Plan shall also provide offeror points of contact, to include names, phone numbers, and email addresses, for work to be performed under the contract.

L.5 Proposal Preparation Instructions – Volume II: Past Performance

Each offeror shall submit to the Contracting Officer an original hard copy of the offeror's past performance information, to include Attachment JA39, *Past Performance Information*.

Each offeror shall provide past performance information for at least two but not more than six of the Offeror's largest customers involving work of similar complexity and type to that required in the RFP for each system upon which the offeror intends to submit a proposal. Past performance references and contracts submitted may include those with Federal, state, or local governments, and those with commercial or private customers for work of similar scope, size and complexity to the Government requirement. References must be for work performed for at least a one (1) year continuous duration within the last five years. Reference information must include the name and address of the customer, primary point of contact, telephone number and email address, and a brief description of the services and facilities provided.

The offeror shall provide references for any proposed subcontractors that will be performing a significant portion of the work (over \$500,000) and for each firm participating in a joint venture or teaming arrangement. A Standard Form 294 is a suitable alternative.

The Government may contact the Offeror's references to determine customer satisfaction with the Offeror's performance. If the offeror fails to provide valid client contacts or references fail to respond, past performance references may not be considered. In addition to offeror-provided references, the Government may use information gained from any source known to the Government to evaluate past performance, provided such information is recent (within the past five years).

Offerors shall also provide a list of all system acquisitions in the last five years and/or all contracts and subcontracts currently in progress, which are of similar scope, magnitude, and complexity to the Government requirement. Contracts listed may include those entered into by the Federal Government, agencies of state and local governments and commercial customers. Offerors need not duplicate information provided in the JA39. The list must include, as a minimum, the following:

1. Name of acquisition or project.
2. Brief description of contract or subcontract.
3. Total contract value.
4. Period of performance.
5. Principal parties involved, telephone numbers and email addresses.

The offeror shall provide a written statement concerning its status with any independent Federal, state, or local regulatory authority with jurisdiction over each utility service on which the offeror is proposing. The statement must include discussion on any violations, penalties, or other enforcement actions taken against the offeror within the last five years. The offeror should not include information on any current investigations if releasing such information would be deemed a violation of law. The statement must include the following:

1. Name of regulatory authority.
2. Address, telephone number and email address of authority.
3. Point of contact within the authority for verification.

L.6 Proposal Preparation Instructions – Volume III - Contract Documentation

L.6.1 General

Volume III shall include the following:

1. A completed, signed, and dated SF 33. The original document should be clearly marked under separate cover and should be provided without any punched holes.
2. All required information in accordance with FAR 52.204-99, in Section K. Offerors shall include a hard copy of their representation and certification submission in Volume III.
3. Completed Cost Accounting Standards (CAS) Notices and Certification (FAR 52.230-1) provided in Section K for offerors subject to Cost Accounting Standards (CAS) or statement citing exemption from CAS.
4. Offerors must acknowledge receipt and acceptance of all amendments to the solicitation as part of the proposal submission package.
5. Request and justification for Cost Accounting Standards Waiver and/or FAR 31 Deviation from Contract Cost Principles pursuant to the DoD Class Deviation signed March 31, 2011, if any.
6. Completed Service Provisions (FAR 52.241-6) provided in Section I, if applicable.
7. Completed Capital Credits (FAR 52.241-13) provided in Section I, if applicable.

L.6.2 Alternate Proposals and Exceptions to Terms and Conditions

The Government encourages the submission of alternate proposals, which add value when compared with the requirements in the RFP. If submitting an alternate proposal, provide a rationale explaining the advantages of the alternate proposal to the Government. Any exceptions must be stated with specificity and separately matrixed.

In addition, exceptions may be taken to individual terms and conditions of the RFP. Exceptions taken to individual terms and conditions of the RFP shall be clearly identified. Each exception shall be specifically related to each paragraph and/or specific part of the RFP to which the exception is taken. Provide a rationale in support of the exception, explaining its effect in comparison with the original requirements of the RFP. This information shall be provided in the format and content of the table below. Unless included in this volume in the required format, no exceptions to terms and conditions will be assumed and any resultant contract will incorporate the terms and conditions of the RFP.

The offeror is required to submit the RFP Exceptions matrix in MS Word 2007 format.

RFP Exceptions

RFP Document	Paragraph/Page	Requirement/Portion
SOW, RFP, Model Contract, etc.	Applicable paragraph and page number(s)	Identify the requirement or portion to which the exception is

		taken
Rationale		
<p>Justify why the requirement will not be met or discuss reasons why not meeting the Government’s terms and conditions might be advantageous to the Government. (The rationale section shall be located directly below the exception to which it refers and shall be the width of the page to ensure sufficient room for discussion).</p>		

L.6.2.1 Waiver of Applicability of Cost Accounting Standards and Deviations from Specific Parts of Federal Acquisition Regulation (FAR) Part 31

L.6.2.1.1 Cost Accounting Standards (CAS) Waiver

Offerors otherwise subject to CAS (See FAR Part 30 and FAR 52.230-1), who seek to have the utilities privatization CAS waiver allowed by the Cost Accounting Standards Board¹ applied to any resultant contract must submit the following information in writing as part of the proposal:

1. Certification that the business segment offering will not, at the time of award, be performing on any other contract that is subject to Cost Accounting Standards;
2. Disclosure of the Offeror’s established accounting practices for allocating costs to contracts for which CAS has been waived; and
3. Certification that offeror will consistently use the disclosed practices to prepare current and future pricing.

Additionally, all the following provisions must be met for the CAS Waiver to be applied:

1. The contract type must be Firm-Fixed Price (FFP), Fixed-Price with Economic Price Adjustment (FPEPA), or Fixed-Price with Prospective Price Redetermination (FPPPR).
2. Cost or Pricing Data as defined in the FAR was not obtained during the award process.
3. Accounting practices used must be disclosed and comply with those laid out in Section G., *Accounting Procedures*.
4. Contractor agrees that adjustments to contract pricing can be made by the Government if accounting practices disclosed are not used (see Section G, *Price Adjustment For Noncompliance with Accounting Procedure*).
5. Any resulting contract includes FAR Clause 52.215-2.
6. For FPPPR contracts, statutorily unallowable costs and costs typically not allowed by cognizant State regulatory bodies (as applicable) are not used for price redetermination.

L.6.2.1.2 FAR Part 31 Deviation

Offerors seeking a waiver from any otherwise applicable FAR Part 31 provisions, as permitted by the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD-AT&L) deviation dated March 31, 2011², must provide the following information and the following criteria must be met:

1. FAR 31.205-20 Interest and Other Financial Costs.

¹ A copy of the UP CAS Waiver can be found at <https://www.desc.dla.mil/DCM/DCMPage.asp?pageid=246> - click the “Utility Privatization Resources and Helpful Links” link.

² A copy of the Class Deviation can be found at <https://www.desc.dla.mil/DCM/DCMPage.asp?pageid=246> – click the “Utility Privatization Resources and Helpful Links” link.

- a. A description as to why allowing costs otherwise disallowed by the cost principle will significantly reduce the costs to the Government under any resulting contract or price adjustment.
 - b. Interest costs must be directly related financial costs incurred to obtain loans or borrow capital from third-party financial institutions and are reasonable.
2. FAR 31.205-41 Taxes
- a. For Federal Income Tax directly related to a Contribution in Aid of Construction (CIAC) Tax, an offer should be constructed in a manner to ensure no such tax liability is incurred. However, if, prior to award, a CIAC liability is identified, the offer shall notify the Contracting Officer and provide a written description as to why the liability exists, the amount of the liability, and why an offer cannot be structured to eliminate the tax.
 - b. The allowable portion of any CIAC obligation would be limited to the portion of the actual CIAC tax attributable to the difference between:
 - i. The fair market value determinations of the Government using a generally accepted valuation methodology, and
 - ii. The fair market value determination of the Internal Revenue Service in assessing the tax.
 - c. Please refer to Section H, *Contribution in Aid of Construction (CIAC) Tax Liability*, for CIAC obligations arising after contract award.
3. General Deviation from FAR Part 31
- a. The following criteria must be met in order for a waiver to be granted:
 - i. Offeror must request a waiver from FAR Part 31, or a specific part of FAR Part 31, and provide a rationale as to why it is in the best interest of the Government to do so.
 - ii. The contract contemplated must be FFP, FPEPA, or FPPPR and include FAR Clause 52.215-2.
 - iii. The offer must be either exempt from CAS or have CAS requirements waived for the contract.
 - iv. The initial fixed-price, fixed-price with economic price adjustment or fixed-price with price redeterminations must:
 1. Meet the limitations for any deviation granted from FAR 31.205-20, Interest and other financial costs;
 2. Meet the limitations specified for any deviation granted from FAR 31.205-41 Taxes;
 3. Exclude costs listed in 10 U.S.C. § 2324(e); and
 4. If a regulated entity, exclude costs typically consider to be unallowable by the cognizant State regulatory body.

L.6.3 Other Required Information

L.6.3.1 Authorized Personnel

The offeror shall provide the name, title, address, e-mail, and telephone number of the company representative(s) who can obligate the offeror contractually. Also, identify those individuals authorized to negotiate with the Government providing the same information requested above.

L.6.3.2 Subcontracting Plan (Other Than Small Business)

An "other than small" Business offeror shall submit a Subcontracting Plan as part of its proposal submission (see JE1). The Plan shall be prepared in accordance with FAR 52.219-9, *Small Business Subcontracting Plan*, and include realistic goals based on prior subcontracting performance and work that will be performed under any contract resulting from this solicitation. The Plan will also be reviewed against prior subcontracting performance in the Electronic Subcontracting Reporting System (eSRS), Small Business Program Compliance Reviews, and the statutory goals applicable to all federal agencies of total subcontracting dollars to small businesses. Statutory goals may be found at <http://www.sba.gov/content/goaling-guidelines-0>.

Regulated public entities with a commercial Subcontracting Plan that has been filed with the General Services Administration (GSA) pursuant to a GSA Area Wide contract or other Government agency may

comply with this requirement by incorporating such Subcontracting Plan by reference and including a copy with the proposal. Such submission shall include the Government point of contact name, telephone number, and email address.

L.6.3.3 Small Business Office

For questions regarding small business matters, contact the DLA Energy Small Business Office at (703) 767-9465 or 1-800-523-2601.

L.6.3.4 Small Business Subcontracting

Information on potential small business subcontractors can be found at the following website maintained by the Small Business Administration: http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm

L.6.3.5 Socioeconomic Plan

Offerors regardless of business size shall submit a socioeconomic plan that demonstrates a commitment to providing subcontracting opportunities to small, small disadvantaged, businesses, women-owned small businesses, and/or historically black colleges or universities and minority institutions. Small businesses will be credited for the dollar value/percentage of the work it performs as if the work were subcontracted to a small business concern. Work performed by a small business in-house shall be identified in the Socioeconomic Plan.

Socioeconomic Plan: In addition to any subcontracting plan required by FAR Clause 52.219-9, describe the extent of participation of small businesses as stated in performance of the contract whether as a joint venture, teaming arrangement, or subcontractor. As part of this description the offeror shall include:

1. A description of the efforts the offeror will make to assure that small businesses, small disadvantaged, women-owned businesses, and/or Historically Black Colleges/Universities or Minority Institutions (HBCUs/MIs) will have equal opportunity to provide supplies, services, or support under any resulting contract.
2. A description of the Offeror's current and planned proposed range for services, supplies, and any other support that will be provided by small businesses, small disadvantaged, women-owned businesses, and/or Historically Black Colleges/Universities or Minority Institutions (HBCUs/MIs).
3. The specific names of subcontractors to the extent they are known.
4. A description of any future plans the offeror has for developing additional subcontracting opportunities for small, small disadvantaged, women-owned businesses, and/or HBCUs/MIs to participate in contract performance during the contract period.
5. Identification of the portion of the Offeror's proposal, as a percentage of dollars; that will be performed by small businesses, small disadvantaged, women-owned businesses, and/or HBCUs/MIs.
6. The type of performance data the Offeror would accumulate and provide to the Contracting Officer regarding its support of small, small disadvantaged, women-owned businesses, and/or HBCUs/MIs during the period of contract performance.
7. The name and title of the individual principally responsible for ensuring company support to such firms.

NOTE: Offerors must address all seven items, even if this means simply stating that the requested information does not exist and why; or that the offeror is a small business and will be performing the work in-house, provided such information is stated with specificity.

L.7 Proposal Preparation Instructions – Volume IV: Price Proposal

L.7.1 General

The offeror shall submit a separate Schedule B (B-1 or B-2) for each utility system at each Installation included in the proposal.

L.7.2 Submission of Certified Cost or Pricing Data

If an exception does not apply, as determined by the Contracting Officer, cost or pricing data (see FAR 15.406-2, *Certificate of Current cost or pricing data*) may be required. In the event that cost or pricing data is required, the offeror shall provide cost or pricing data within 30 calendar days after receipt of the Contracting Officer’s request.

L.7.3 Accounting Systems

The offeror shall describe the accounting system proposed for this contract (see Section G, *Accounting Procedures*).

L.7.4 Organization

Volume IV shall consist of the following sections:

Table of Contents

Section 1: Schedule B-1 or B-2 and Price Data Sheet(s) 1, 2, 3, 4, and 5 or 6 (see Section B)

Section 2: Introduction, Price Proposal, and Pricing Assumptions

Section 3: Accounting System, Standard Estimating Methodology

L.7.5 Detailed Instructions for Price Proposal

Table of Contents

The Table of Contents shall specify, by page number, the location of information requested in these instructions.

Section 1 – Price Schedule B-1 or B-2

- Include a completed copy of the Price Schedule B-1 or B-2 as appropriate. For all offers, whether grouped or not, the offeror shall provide a separate price schedule for each utility system.
- Include completed copies of Price Data Sheets (1, 2, 3, 4, and 5 or 6) as appropriate. For all offers, whether grouped or not, the offeror shall provide separate Price Data Sheets for each utility system.
 - Offerors shall include documentation to support all price data sheets, with no hard-coding of data and not password-protected.
 - All offerors must provide the following information; except that offerors proposing a Schedule B-1 Regulated Tariff are required to submit Price Data Sheet 1 if O&M and R&R are separately identified in the tariff (See Section B):

Proposal	Price Schedule	Required Price Data Sheets
Regulated Tariff Rate (Includes Special Contracts)	B-1	Price Data Sheet 1 (if applicable)
		Price Data Sheets 2, 3, 4, and 5
Fixed-Price with Economic Price Adjustment	B2	Price Data Sheets 1, 2, 3, 4, 6

- Include completed inspection charge rate located in Section C, *Third Party Construction*, if any.

Section 2 – Introduction, Price Proposal, and Pricing Assumptions

- The offeror shall provide the breakdown of its proposed Monthly Utility Services Charge or Applicable Tariff Charge proposed in the appropriate Schedule B. In particular, the offeror shall differentiate between the operation and maintenance costs and renewals and replacements. This

information shall be provided in a separate Price Data Sheet 1 for each utility system included in the proposal.

- The discussion of pricing methodology must explicitly show the offeror’s calculation of each Contract Line Item Number (CLIN).
- Pricing assumptions regarding price inflation in the first year of operation and its effect on cost of service for each CLIN must be *explicitly* described.
- All pricing assumptions, scope limitations, and/or price proposal qualifiers shall be addressed and explained for each CLIN. Assumptions are requested and will be considered by the Government solely for evaluation purposes.
- Pricing assumptions must be included in matrix format in the volume.

Pricing Assumptions

Paragraph/Page/CLIN	Assumption
Applicable page and paragraph numbers within the referenced document	State the Assumption and the pricing/work to which it applies.
Rationale & Effect	
Justify why the Assumption is necessary and what effect the Assumption will have on current and/or future pricing.	

- Offerors shall discuss and quantify to the extent practicable other possible long-term costs and benefits to the Government, if the conveyance affects separate contract relationships, particularly for commodities. To the extent long-term costs and benefits require the cooperation of a third party (e.g., an upstream utility that owns the exclusive physical means to deliver electrical energy, natural gas, or water supplies to an installation), the offeror shall discuss its proposed methodology for cooperation and provide copies of any written agreements or representations.

Section 3 - Standard Estimating Methodology

The offeror shall summarize its standard estimating system as it pertains to this acquisition. For offerors proposing Cost Accounting Standards (CAS) compliant accounting systems as a Uniform System of Accounts (USOA); state whether or not a Disclosure Statement has been determined adequate by the cognizant Government ACO. If determined adequate, provide date of approval. Identify any outstanding CAS violations; provide status/action being taken. If an offeror is exempt from CAS, the offeror shall state the reason for the exemption.

L.7.6 Schedule B-1 – Regulated Tariff(s)

L.7.6.1 Schedule B-1 CLIN 0001: Utility Services Charge

Offerors proposing tariff rate offers shall include a comprehensive description of the tariff in their price proposal. The offeror shall propose a tariff rate or rates no less favorable than that offered to similarly-situated utility customers. The offeror shall provide an explanation of the tariff, identify the facilities and infrastructure to which it applies, and identify any assumptions regarding service quantity and quality. The offeror shall also describe the regulatory process, if any, which will govern future rate changes. The total monthly price will be the Applicable Tariff(s) less the Monthly Credit as Payment for Purchase Price plus the Recoverable Portion of the Purchase Price, as defined below.

Offerors are encouraged to provide service in accordance with their standard methods of service and standard service practices. It is acceptable for regulated utilities to submit an offer subject to regulatory approval, provided a proposed timeframe for approval is addressed.

L.7.6.2 CLIN 0001: Monthly Credit as Payment for Purchase Price

The monthly credit is the monthly portion of the purchase price that will be credited to the Government over the number of months proposed by the offeror. The purchase price is the product of the monthly credit, without interest, multiplied by the number of months the Government will receive the credit. The credit will be applied to the Applicable Tariff, as defined above.

L.7.6.3 CLIN 0001: Recoverable Portion of the Purchase Price

The recoverable portion of the purchase price will be listed in Price Data Sheet 4 for the relevant utility system. The recoverable portion of the purchase price will be recovered for the relevant utility system for the amount and number of months proposed by the offeror and accepted by the Government. The recoverable portion will be applied to the Applicable Tariff, as defined above.

L.7.6.4 CLIN 0002: Initial System Deficiency Corrections/Upgrades/Connection Charges

Initial System Deficiency Corrections (ISDCs)/Upgrades/Connection Charges are all nonrecurring costs to be paid by the Government to the Contractor. These nonrecurring costs include costs required to bring the system up to industry/regulatory standards and costs for new connections/disconnections to be accomplished during the transition period. See footnote (b) on Schedule B-1.

The following applies if ISDCs/Upgrades/Connection Charges are priced separately from the tariff rate. The requirement to perform an ISDC/Upgrade/Connection may originate from either a Government-identified requirement, in which case the project will be listed in the relevant utility-specific attachment in Section J, or as a result of the offeror's determination that the ISDC/Upgrade/Connection is necessary to meet legally applicable regulatory requirements, or to achieve the standards typically maintained by the offeror on its utility system(s). The offeror must provide rationale to support any projects the offeror proposes.

The offeror shall provide price information for ISDCs/Upgrades/Connections. Information to support the price proposed for ISDCs/Upgrades/Connections shall include project name, the interest rate, total ISDC project cost, project start month, the first full month it will be put into service, the amortization period, and the monthly charge associated with each ISDC/Upgrade/Connection. The offeror shall provide this information in Price Data Sheet 3 (See Section B).

If not encompassed in a tariff rate, the price of each ISDC/Upgrade/Connection proposed by the offeror in Price Data Sheet 3 will be added to the Utility Services Charge in CLIN 0001, for the number of months indicated, when the ISDC/Upgrade/Connection is put in useful service.

The price for each ISDC/Upgrade/Connection is a firm-fixed price. The price for each ISDC/Upgrade/Connection will be amortized over the term proposed by the offeror.

Each Government-identified ISDC is considered one project for the purpose of applying the amortization schedule requirements.

The Government may make a lump sum payment for any or all capital investment costs that would normally be recovered through CLIN 0002. Lump sum payments, minus prepayment expenses permitted under the FAR, will reduce the remaining unpaid principal in the amortization schedule established for CLIN 0002. The amortization schedule will be recalculated based on the new, reduced principal amount amortized over the number of months remaining in the original amortization schedule. The interest rate used in the recalculated amortization will be the same as that used in the original amortization schedule.

L.7.6.5 CLIN 0003: Transition Period

The offeror shall provide a firm-fixed price for the Transition Period in accordance with Section C, *Operational Transition Plan*. The information to support the price proposed for the Transition Period shall include all costs associated with the Operational Transition Plan. The Government agrees to pay for the Transition Period using the method proposed by the offeror and accepted by the Government. This information shall be provided in Price Data Sheet 3 (See Section B).

L.7.7 Schedule B-2 – Fixed Price with Economic Price Adjustment

L.7.7.1 Schedule B-2 CLIN 0001: Utility Services Charge

Offerors proposing a Fixed Price with Economic Price Adjustment (FPEPA) offer(s) shall include the fully built up monthly Utility Services Charge to the Government for provision of utility services, including operations and maintenance and renewals and replacements, Price Data Sheets 1 and 2. (See Section B).

Prices proposed for CLIN 0001 identified in Price Data Sheets 1 and 2 shall be based on expected price levels during the first year of operation. The effect of price inflation costs incurred in years subsequent to the first year of operation will be considered as part of the Economic Price Adjustment identified in Section I, *Economic Price Adjustment – Price Index Utility Privatization*.

L.7.7.2 CLIN 0001: Monthly Credit as Payment for Purchase Price

The monthly credit is the monthly portion of the purchase price that will be credited to the Government over the number of months proposed by the offeror. The purchase price is the product of the monthly credit, without interest, multiplied by the number of months the Government will receive the credit. The credit will be applied to the Utility Services Charge, as defined above.

L.7.7.3 CLIN 0001: Recoverable Portion of the Purchase Price

The recoverable portion of the purchase price will be listed in Price Data Sheet 4 for the relevant utility system. The recoverable portion of the purchase price will be added to the Utility Services Charge for the relevant utility system for the amount and number of months proposed by the offeror and accepted by the Government.

L.7.7.4 CLIN 0002: Initial System Deficiency Corrections/Upgrades/Connection Charges

ISDC/Upgrades/Connection Charges are all nonrecurring costs to be paid by the Government to the Contractor. These nonrecurring costs include costs required to bring the system up to industry/regulatory standards and costs for new connections/disconnections to be accomplished during the transition period. Costs shall also include all appurtenances necessary for each individual project to be considered complete and usable immediately upon its completion.

The requirement to perform an ISDC/Upgrade/Connection may originate from either a Government-identified requirement, in which case the project will be listed in the relevant utility specific attachment in Section J, or as a result of the offeror's determination that the ISDC/Upgrade/Connection is necessary to meet legally applicable regulatory requirements, or to achieve the standards typically maintained by the

offeror on its utility system(s). The offeror must provide rationale to support any projects the offeror proposes.

The price of each ISDC/Upgrade/Connection proposed by the offeror in Price Data Sheet 3 will be added to the Utility Services Charge, for the number of months indicated, when the ISDC/Upgrade/Connection is put in useful service.

The price for each ISDC/Upgrade/Connection is a firm-fixed price. The price for each ISDC/Upgrade/Connection will be amortized over the term proposed by the offeror.

The Government may make a lump sum payment for any or all capital investment costs that would normally be recovered through CLIN 0002. Lump sum payments, minus prepayment expenses permitted under the FAR, will reduce the remaining unpaid principal in the amortization schedule established for CLIN 0002. The amortization schedule will be recalculated based on the new, reduced principal amount amortized over the number of months remaining in the original amortization schedule. The interest rate used in the recalculated amortization will be the same as that used in the original amortization schedule.

L.7.7.5 CLIN 0003: Transition Period

The offeror shall provide a firm-fixed price for the Transition Period in accordance with Section C, *Operational Transition Plan*. The information to support the price proposed for the Transition Period shall include all costs associated with the Operational Transition Plan. The Government agrees to pay for the Transition Period using the method proposed by the offeror and accepted by the Government. This information shall be provided in Price Data Sheet 3 (See Section B).

L.7.8 Price Data Sheets

L.7.8.1 General

All offerors must provide the following information; except that offerors proposing a Schedule B-1 Regulated Tariff are required to submit Price Data Sheet 1 if O&M and R&R are separately identified in the tariff (See Section B). Documentation for all Price Data Sheets MUST be provided in MS Excel format with internal workbook logic intact. Such documentation shall not contain links to documents not provided as part of the offeror's proposal.

L.7.8.1.1 Price Data Sheet 1

For purposes of comparison to the Government Should Cost Estimate (GSCE) and to facilitate price and cost realism analyses of the operations and maintenance component of the monthly utility services charge, the offeror shall clearly establish a direct correlation between the price listed in Price Data Sheet 1 (See Section B) and the operations and maintenance plan provided in accordance with Section L, *Operations and Maintenance/Quality Management Plan*. The offeror shall provide detailed pricing data for all labor, direct and indirect, materials and procurement costs, insurance, equipment, general and administrative, overhead costs, and any other cost identified by the offeror.

L.7.8.1.2 Price Data Sheet 2

Renewals and Replacements (R&R) are defined in Section C, *SDCs/Upgrades/Connections and Renewals and Replacements*. R&R is defined as investments in the utility system to renew or replace system components that fail or reach the end of their useful life. For the R&R component of the monthly utility services charge, **all** offerors shall establish a conceptual 50-year plan for renewal and replacement of major system components given the information available in this solicitation, technical library, through site visits, and other pertinent information, with the understanding that during the course of the contract this schedule may change to reflect the actual condition of system components. The conceptual 50-year plan for R&R shall be established as shown in Price Data Sheet 2 (See Section B) in constant dollars. For purposes of comparison to the GSCE and to facilitate price and cost realism analyses, all offerors shall clearly establish a direct correlation between the applicable inventory in the utility specific attachment(s),

the 50-year R&R Plan, and the R&R component of the monthly Utility Services Charge presented in Price Data Sheet 1.

L.7.8.1.3 Price Data Sheet 3

The offeror shall provide price information for ISDCs/Upgrades/Connections. Information to support the price proposed for ISDCs/Upgrades/Connections shall include project name, the interest rate, total ISDC project cost, project start month, the first full month will be put into service, the amortization period, and the monthly charge associated with each ISDC/Upgrade/Connection. The offeror shall provide this information in Price Data Sheet 3 (See Section B).

L.7.8.1.4 Price Data Sheet 4

The offeror shall provide price information for the Recovery Portion of the Purchase Price. Information to support the proposed shall include the interest rate, amount, amortization period and the monthly charge. The offeror shall provide this information in Price Data Sheet 4 (See Section B).

L.7.8.1.5 Price Data Sheet 5

Offerors proposing a regulated tariff rate in Schedule B-1 shall submit a separate Price Data Sheet 5 for each utility system. Price Data Sheet 5 is defined as a 50-year statement of proposed prices to the Government in nominal and constant dollars as identified in B.3.5. If a shorter contract period is proposed, the price data sheet need only address the number of years proposed for the contract.

All values shown on Price Data Sheet 5 and the derivation of same shall be provided in the offeror's pricing proposal with supporting documentation.

L.7.8.1.6 Price Data Sheet 6

Offerors proposing a Fixed Price with Economic Price Adjustment in Schedule B-2 shall submit a separate Price Data Sheet 6 for each utility system. Price Data Sheet 6 is defined as a 50-year statement of proposed prices to the Government in constant dollars as identified in Section B. If a shorter contract period is proposed, the price data sheet need only address the number of years proposed for the contract.

All values shown on Price Data Sheet 6 and the derivation of same shall be provided in the offeror's pricing proposal with supporting documentation.

L.7.9 Economic Price Adjustment Alternate Index Methodology

If offerors propose an alternate index or indices to Section I, *Economic Price Adjustment - Price Index Utility Privatization (DLA Energy Jan 2012)*, Offerors shall specify (insert) the Government published index or indices they propose as a price adjustment mechanism in Section I, I-0002, subparagraph (b)(2), (3), and (4) and provide the revised clause in full text. Offerors shall explain why the index proposed was selected, comprehensively describe the working of the price adjustment mechanism including the timing of adjustments and the composition of the base, and provide a sample calculation under paragraph (c)(3) of the clause.

Section M

Evaluation Factors for Award

M.1 Basis for Conveyance and Contract Award

If the Air Force decides to convey the utility system(s), a contract will be awarded to the responsible offeror based on a best value determination consistent with the evaluation factors and subfactors below. The lowest priced proposal may not necessarily receive the award; likewise, the highest rated technical proposal may not necessarily receive the award. Pursuant to the provisions of Section L, *Information to Offerors*, and FAR 52.215-1, the Government may evaluate and award without discussions. However, the Government reserves the right to conduct discussions if determined necessary. **Therefore, offerors are encouraged to submit their best offer as their initial offer.**

M.2 Evaluation Factors and Subfactors

The five evaluation factors are Technical Capability, Past Performance, Risk, Socioeconomic Plan, and Price. The evaluation factors and subfactors are as follows:

Factor 1: Technical Capability: The following four subfactors are approximately equal to each other in terms of importance. However, a less than acceptable rating in any subfactor will result in a less than acceptable rating for overall Technical Capability.

Subfactor 1: *Service Interruption/Contingency and Catastrophic Loss Plan:* Will be evaluated based upon the degree to which it ensures an appropriate, efficient, and effective response to service interruptions and contingencies and catastrophic system losses.

Subfactor 2: *Operations and Maintenance Plan/Quality Management Plan:* Will be evaluated based upon the degree to which it ensures appropriate, efficient, and effective operation and maintenance of the utility system(s) and a superior level of quality.

Subfactor 3: *Initial System Deficiency Corrections/Upgrades/Connections and Renewals and Replacements Plan:* Will be evaluated based upon the degree to which it supports the long-term ability of the utility system(s) to provide utility service(s).

Subfactor 4: *Operational Transition Plan:* Will be evaluated based upon the degree to which it ensures an effective and efficient transition.

Factor 2: Past Performance: The offeror will be evaluated based on the degree to which current and previous (within the past five years) efforts indicate the probability of the offeror successfully accomplishing contract requirements throughout the performance period. The recentness and relevancy of the information, source of the information, context of the data, and general trends in offeror's performance will be considered.

In the case of an offeror without a record of relevant past performance or for whom sufficient information on past performance is not available, the offeror will be evaluated neither favorably nor unfavorably for past performance. However, a different rating may be achieved if the offeror proposes management personnel who have a successful record of performance on relevant, recent contracts or if a proposed subcontractor who will be performing a significant portion of the work has a successful performance history on relevant and recent contracts.

Offerors are advised that the Government may use information gained from any source known to the Government to evaluate past performance, provided such information is recent (within the past five years). However, the Government reserves the right to only consider the Contractor's performance under Government or DLA Energy contracts. If any past performance information provided by the Contractor

is considered in evaluating the Offeror's proposal, a past performance questionnaire will be used to contact references and rate proposals.

Factor 3: Risk: The following four subfactors are approximately equal in importance to each other in the evaluation of Factor 3. However, a negative rating in any subfactor will result in a negative rating for overall Risk.

Subfactor 1: Performance Risk: Proposals will be evaluated on the degree to which award of a contract would present a risk of degradation of the quality of utility service(s). The Performance Risk will be assessed as a cumulative result of the risk presented in the following four areas:

- Service Interruption/Contingency and Catastrophic Loss Plan
- Operations and Maintenance Plan
- Quality Management Plan
- Initial System Deficiency Corrections/Upgrades/Connections and Renewals and Replacements Plan

Subfactor 2: Assurance of Long-Term Price and Service Stability: Proposals will be evaluated on the degree to which long-term price and service stability are enhanced as a result of regulation by an independent federal, state, or local regulatory authority with jurisdiction over the applicable utility service.

Subfactor 3: Price Risk: Cost realism and unbalanced pricing proposal analysis techniques will be used in accordance with the applicable provisions of FAR 15.404-1. Realism will be based on an evaluation of the information provided by the Offeror in support of its offered price. A determination will be made about whether the prices are realistic for the work to be performed, reflect a clear understanding of the requirements, and are consistent with the elements of the offeror's technical proposal. The proposal will also be evaluated to determine whether prices are unbalanced, meaning that the price of one or more contract line items is significantly over or understated.

Subfactor 4: Other Possible Long-Term Costs and Benefits to the Government: Such costs and benefits may be considered, including, but not limited to, the effect of privatization on separate contract relationships (e.g., commodity contracts, power allocation agreements, energy savings performance contracts, utility energy savings contracts), regulatory exemptions/exclusions, efficiencies, and/or cost savings achieved by privatization of water/wastewater systems to a single contractor.

Factor 4: Socioeconomic Plan: Will be evaluated based on the degree to which an Offeror's proposal demonstrates the commitment to use, in performance of the offered requirements, Small Businesses (which include Small Businesses, Small Disadvantaged Businesses, HUBZone Small Businesses, Women-owned Small businesses, and Veteran-owned small businesses) and/or Historically Black Colleges/Universities or Minority Institutions (HBCUs/MIs). Small businesses will be credited for the dollar value/percentage of the work they perform in-house as if the work were subcontracted to a small business concern.

NOTE: The Offeror's proposal for socioeconomic support will be made a part of any resulting contract for use in determining how well the Contractor has adhered to its socioeconomic plan.

Factor 5: Price: The total evaluated price will be a consideration in the final source selection decision. Price reasonableness will be assessed in accordance with FAR 15.404-1.

For Schedule B-1, the total evaluated price (Schedule B-1 and Price Data Sheets, as applicable) will be the net present value of the stream of monthly payments the Government is expected to make to the Contractor over the 50-year contract period. Each monthly payment will be calculated by crediting the

total monthly payment (the Applicable Tariffs including ISDCs/upgrades/connection charge(s) and renewals and replacements and the recoverable portion of the purchase price expressed in the price proposal) by the purchase price in CLIN 0001. Present values will be calculated using the discount rate specified in Appendix C of OMB Circular A-94 (current issue at the time proposals are due).

For Schedule B-2, the total evaluated price (Schedule B-2 and Price Data Sheets, as applicable) will be the net present value of the stream of monthly payments the Government is expected to make to the Contractor over the 50-year contract period. Each monthly payment will be calculated by crediting the total monthly payment (the monthly Utility Services Charge including applicable ISDCs/upgrades/connection charge(s) and renewals and replacements and the recoverable portion of the purchase price) by the purchase price in CLIN 0001. Present values will be calculated using the discount rate specified in Appendix C of OMB Circular A-94 (current issue at the time proposals are due).

M.2.1 Order of Importance for Evaluating Factors and Subfactors:

Before a contract award can be made, a conveyance determination must be made by the Air Force (see, M.3). Should the Air Force decide to convey the utility system, proposals will then be evaluated using the following factors and subfactors.

Technical Capability, Past Performance, and Risk are approximately equal in importance. Socioeconomic plans are significantly less important than Technical Capability, Past Performance, and Risk. When combined, Technical Capability, Past Performance, Risk, and Socioeconomic are significantly more important than Price. Technical Capability and Risk will be evaluated at the subfactor level. Under Technical Capability, all subfactors are approximately equal in importance; however, a less than acceptable rating for any subfactor will result in a less than acceptable rating for the overall Technical Capability factor. Under Risk, all subfactors are approximately equal in importance; however, a negative rating in any subfactor will result in a negative rating for the overall Risk factor.

M.3 Conveyance Determination

Before an award can be made, the Air Force must determine whether conveyance of the utility system(s) will be made. This conveyance decision is distinct and separate from the procurement decision and will be made by the Air Force in accordance with 10 U.S.C. § 2688 guidance issued by the Department of Defense and Air Force policy.

ATTACHMENT 2

From: James Dobbie [mailto:james.dobbie@huntcompanies.com]
Sent: Thursday, September 28, 2017 11:21 AM
To: Townsley, Paul <ptownsley@calwater.com>
Subject: Travis Air Force Base Water System

This is an EXTERNAL EMAIL. Stop and think before clicking a link or opening attachments.
Mr. Townsley,

Please see attached letter.

Regards,

Jim
Jim Dobbie
Hunt Investment Group
505.400.7100

 : ***Please consider the environment before printing this e-mail***

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Hunt Companies, Inc.
4401 N. Mesa
El Paso, TX 79902

September 28, 2017

Mr. Paul Townsley
VP, Rates & Regulatory Matters
California Water Service
1720 North First Street
San Jose, CA 95112-4508

Subject: Travis Air Force Base Water System
Georgetown Village Renovation Project

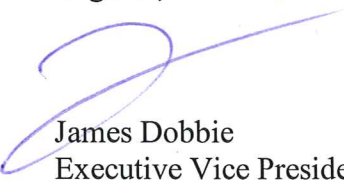
Dear Mr. Townsley:

Thank you for taking the time to speak with me the other day. As we discussed, Hunt Companies owns 300 apartment units adjacent to Travis Air Force base. Our housing was previously served by the Travis AFB water system. Unfortunately, the water system to our project was turned off a few years ago, however all of the infrastructure remains in place. Additionally, a recent water test at our property demonstrated that chlorine levels were in a satisfaction range indicating that our infrastructure is still in good condition.

We are currently working with the TAFB engineering staff and the City of Vallejo to re-establish water service to our property. We understand that water service to Georgetown may eventually come under the jurisdiction of California Water Systems. In that instance, we would be interested in obtaining service from your company as soon as you are authorized.

Please contact me with any questions.

Regards,



James Dobbie
Executive Vice President

cc: Paul Hughes, USAF
James Fitzpatrick, USAF
Guy Arnold, President - Hunt Real Estate
Gary Laski, Planning & Development Services