



An Energy-Efficiency Workshop and Exposition

Orlando, Florida

DoD Utilities Privatization

Opportunities

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ODUSD (Installations and Environment)**



Why Utilities Privatization?

- ◆ Utility ownership is not a core DoD function
- ◆ Missions must be supported
- ◆ Utilities historically under funded.
- ◆ DoD needs industry's best practices, innovations and economies of scale
- ◆ **Privatization is the preferred tool**



2003 Defense Secretary Guidance

- ◆ **Promote competition**
- ◆ **Consistent economic analysis**
- ◆ **Requires permanent title transfer**
- ◆ **Protect government interests**
- ◆ **Realistic schedules for solicitations**



More Recent Improvements

- ◆ **Air Force and Army templates improved**
- ◆ **Technical data should be more accurate**
- ◆ **Contracting Officers more experienced and flexible**
- ◆ **Timeliness should continue to improve**



DoD Utilities Privatization

- ◆ **1300 more DoD systems** will be evaluated
 - Growth opportunity - rate base expansion
 - Increased economies of scale
- ◆ Utility gains **long term solid customer**
 - Reasonable profit generated
 - Government pays bills timely
 - Finance terms should be favorable



Privatization Basics

- ◆ Economical deals will be **successful**
- ◆ Baseline Assessment
 - **System inventory and condition**
 - **Industry Standards, upgrades**
- ◆ Risk Management
 - **Performance risk**
 - **Future income stream**
- ◆ Government's interest
 - **Future price**
 - **Quality Assurance**
- ◆ Three key documents:
 - **Service contract, Right of Way & title (permanent)**



Nobody likes surprises!



Partnership is critical

August 17-20, 2003

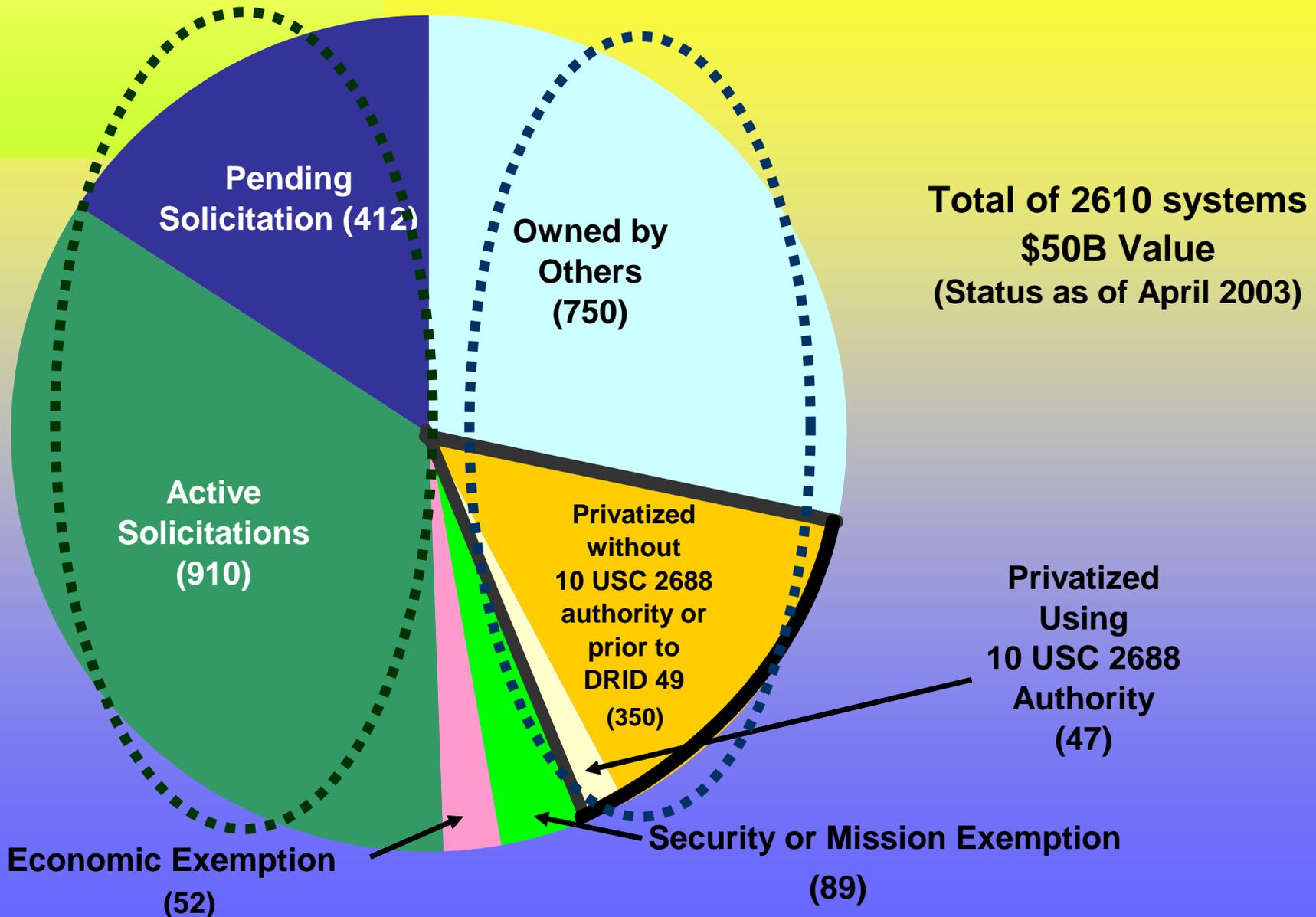
www.energy2003.ee.doe.gov



Current Issues

- ◆ **Allow utilities to use current business practices**
 - ◆ **Waiver to Cost Accounting Standards (CAS)**
 - ◆ **Potential deviations to FAR Part 31 (Allowable costs)**
- ◆ **Finance cost considerations**
- ◆ **Quality Assurance and future cost control**
- ◆ **Resources and methods of contract management**
- ◆ **Right of Way issues**

UP Status Summary



August 17-20, 2003

www.energy2003.ee.doe.gov



Contracting Offices

- ◆ **Army**
 - Defense Energy Support Center (DESC)
 - Corps of Engineers, Huntsville & other regions
 - Local contracting offices

- ◆ **Navy and Marine Corps**
 - Naval Facilities Engineering Command (NAVFAC)
 - East Coast, West Coast other regions
 - DESC for shipyards

- ◆ **Air Force Civil Engineer Support Activity**
 - DESC
 - Local contracting offices

- ◆ **Defense Energy Support Center**



Office of the Deputy Under Secretary of Defense (Installations and Environment) Welcome to Utilities

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RFP Schedules

[USAF UP RFP Schedule](#)

[Army RFP Schedule](#)

[Navy RFP Schedule](#)

[DESC RFP Schedule](#)

[Generic Description of Bidders Technical Library](#)



Summary

- ◆ **All Services are committed**
- ◆ **Seeking wide participation**
- ◆ **Aggressively executing schedule**
 - **1300 more systems in two years**
- ◆ **Effective communication will ensure win-win partnerships**



Points of Contact

- Office of Deputy Under Secretary of Defense (Installations and Environment)
 - www.acq.osd.mil/ie/utilities/privatization.htm
 - Captain Rick Marrs, CEC, USN (703) 697-6195
- Army Assistant Chief of Staff (Installation Management)
 - <http://www.pts.army.mil/>
 - Bob Sperberg (703)426-6170
- Department of the Navy
 - <http://energy.navy.mil/privatization/> General UP info and current RFP's
 - <http://www.esol.navfac.navy.mil/> Solicitations
 - Chief of Naval Operations-LCDR Greg Harshberger -703-601-1611
 - Marine Corps- David Heinrichs- 703-695-9781
 - Naval Facilities Engineering Command William F. Taylor- 202-685-9254
- Air Force Office of the Civil Engineer (Readiness & Installation Support)
 - <http://www.afcesa.af.mil/Directorate/CEO/Contracts/UtilPrivatization/default.htm>
 - Major Jeff Knippel (703) 604-4220
- Defense Energy Support Center (DESC) Utility Privatization Branch
 - <http://www.desc.dla.mil/DCM/DCMPage.asp?PageID=246/>
 - Jim Cotton (703) 767-8135
- Federal Business Opportunities
 - <http://www.fedbizopps.gov/>



Questions?

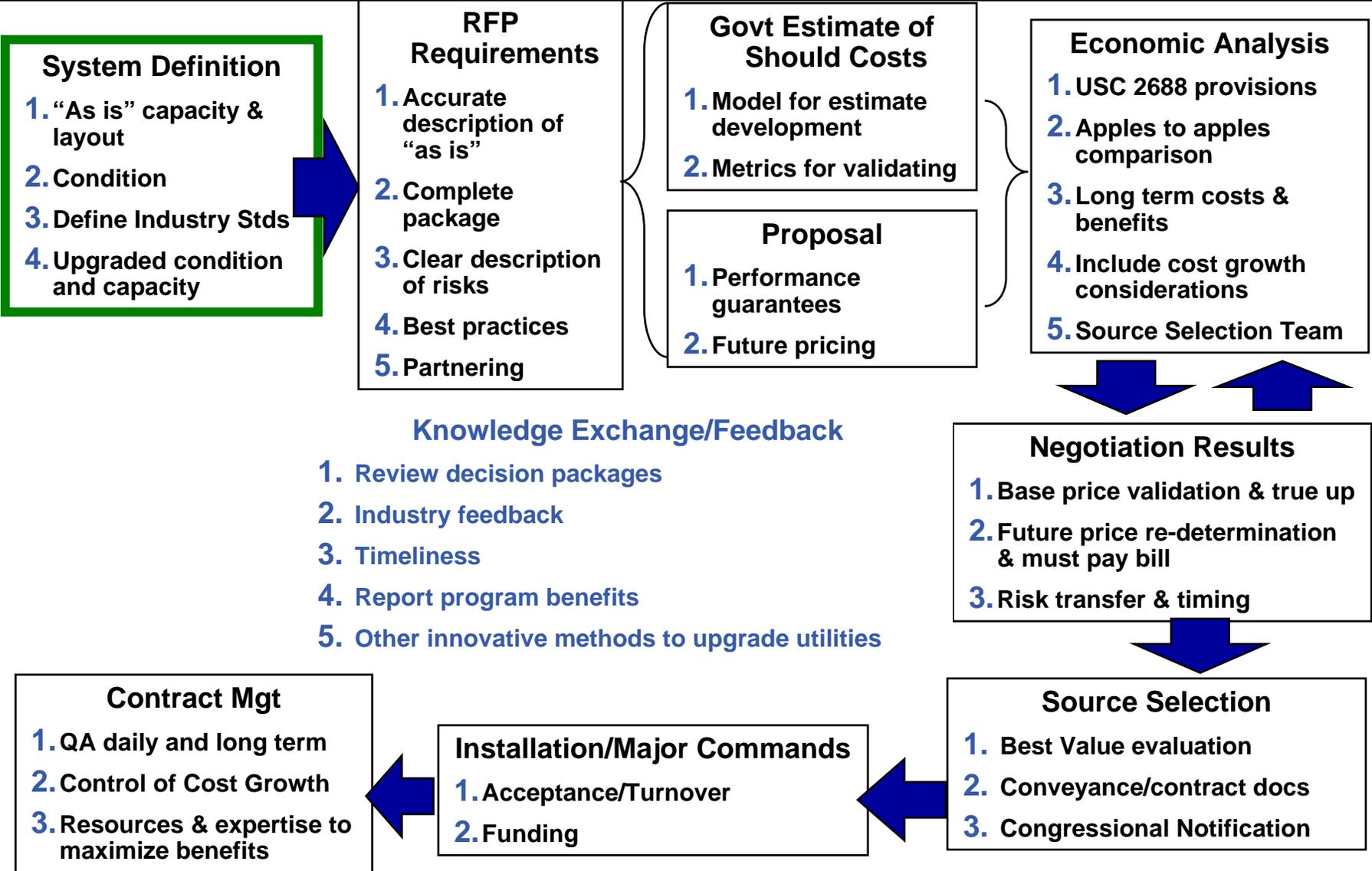
Captain Rick Marrs

(703)-697-6195

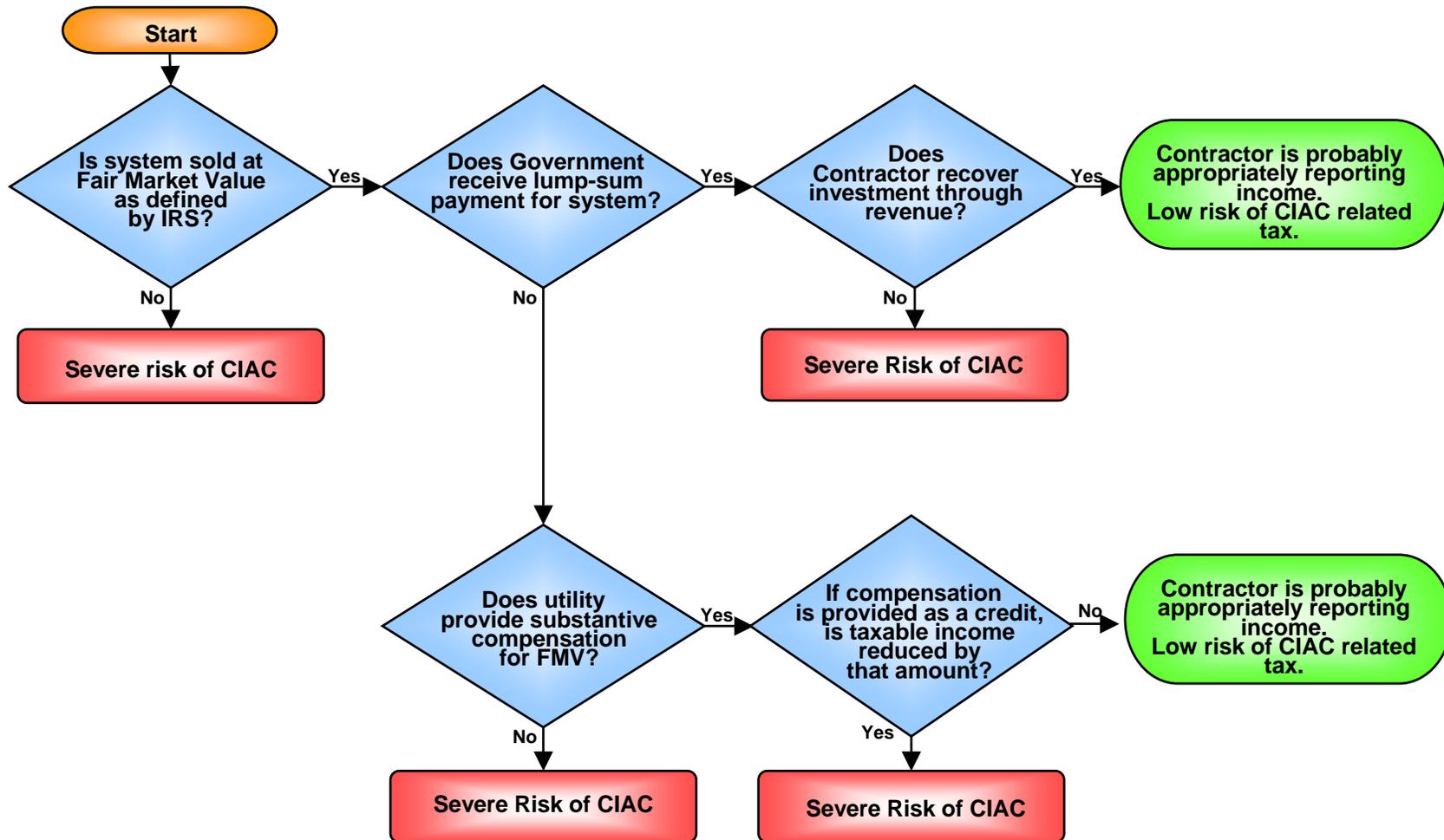
Richard.Marrs@osd.mil

www.acq.osd.mil/ie/utilities/privatization.htm

Utilities Privatization Process Model



Contribution in Aid of Construction (CIAC)



Disclaimer: This simplified diagram does not represent the policy of DoD or IRS. If legal opinions are desired, a tax attorney should be consulted.



Financing

Some utilities “can’t make this work”

- ◆ Why not? This is your business.
 - **Concerned for availability of capital?**
- ◆ Long term government contract
 - **Reliable accounts receivable stream**
- ◆ 100% percent financing possible
- ◆ RFP Templates revised to encourage
 - **Termination for Convenience clause**
 - **Other provisions possible**



Case Study of Benefits

Army National Training Center, Ft. Irwin, CA

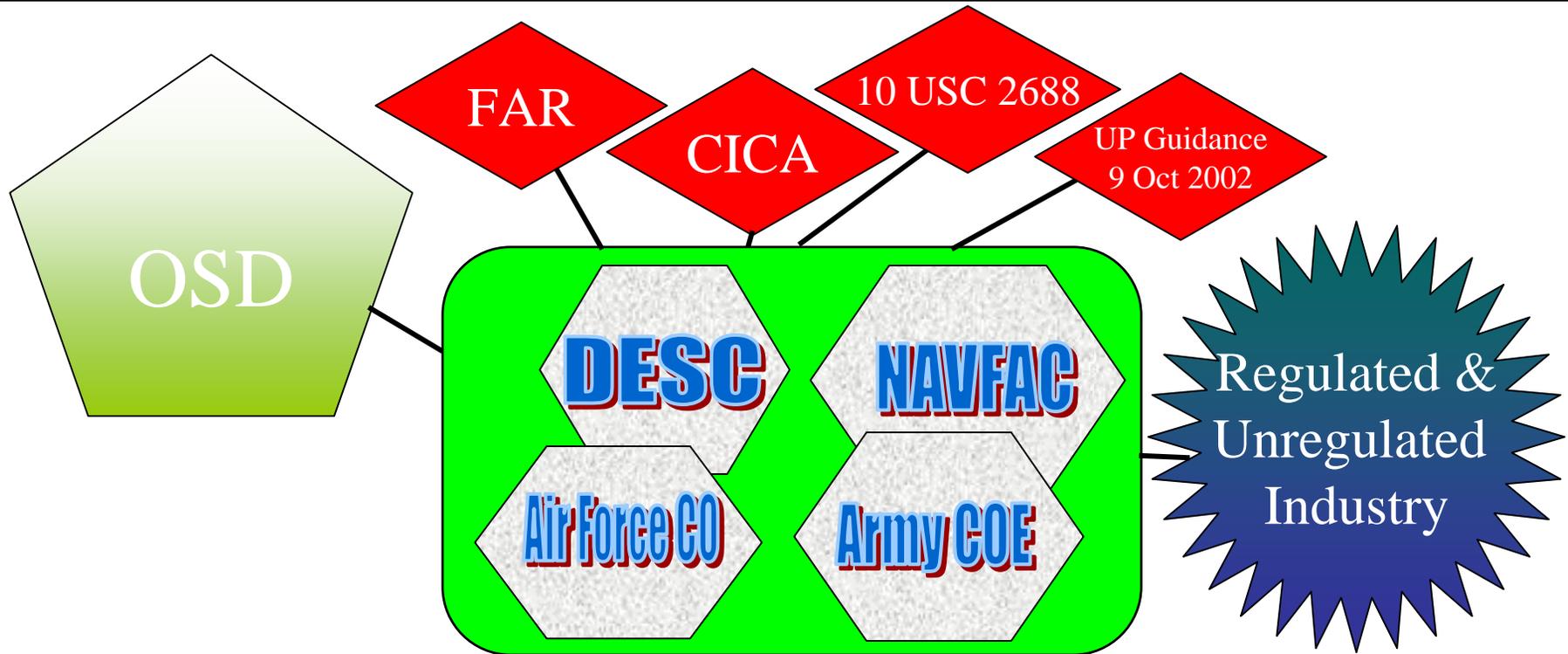
- ◆ **Safety and reliability will meet PUC standards**
- ◆ **Outages will be limited to much smaller area**
- ◆ **Modern switchgear will restore power much quicker**
- ◆ **Performance specifications allow industry innovations**
 - **Delayed conveyance reduced cost of risks**
- ◆ **Private financing achieves upgrades**
- ◆ **Costs over 50 years are 13% lower than govt estimate**
 - **Annual O&M costs will be lower than historic levels**

Process Stakeholders - UP



- Office of the Secretary of Defense
- Four different Contracting Agencies
- Various sectors of the Industry

Process Stakeholders - UP

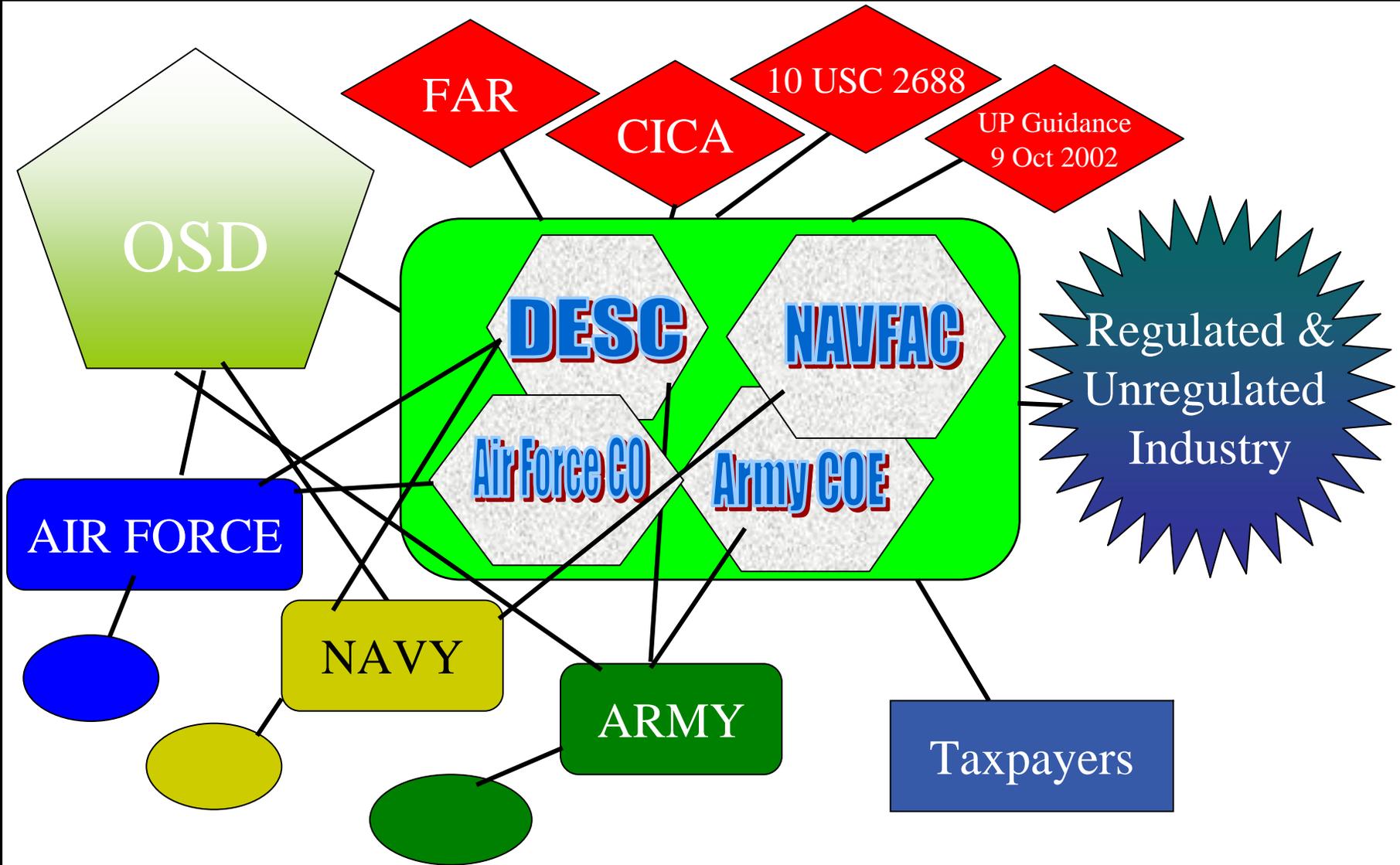


- Federal Acquisition Regulations
- Competition in Contracting Act
- Title 10 US Code Section 2688

Process Stakeholders - UP



Process Stakeholders - UP



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PTS
Privatization Tracking System



Sponsored by:



Login ID:

(case-sensitive)

Password:

(case-sensitive)

Submit

Forgot your password?
Click  here.



Click on the letter
to request access.



STATUS OF THE ARMY'S UTILITIES PRIVATIZATION PROGRAM:

- The Army has **320** systems available for privatization.
- **36** systems are privatized.
- **29** systems are exempt.
- **45** systems are deferred.

INTERESTED BIDDERS

For current information about utility privatization initiatives, click below:

Army's Utility Privatization Schedule

COMMENTS OR QUESTIONS?

To access the PTS Questions and Answers Bulletin Board, click below:

PTS Q&A  Bulletin Board

Notes:

- This site requires Microsoft IE 4.0 or later.
You are currently using Microsoft Internet Explorer Version 4.0 (compatible; MSIE 6.0; Windows NT 5.0)
Check here if you need to upgrade your browser: **Microsoft**

<http://www.pts.army.mil/>



Army UP Website

Installations & Environment

Show Report

Army's Utility Privatization Schedule

Region	State	System	Procurement Agency
All	All	All	A I I
Northeast	Alabama	Electric	D E S C
Northwest	Alaska	Natural Gas	U S C O E H U N T S V I L L I
Southeast	American Samoa	Potable Water	U S C O E K A N S A S C I T
Southwest	Arizona	Waste Water	U S C O E F O R T W O R
Pacific	Arkansas		U S C O E B A L T I M O R E
Korea	Armed Forces Europe		U S C O E S A V A N N A H
	Armed Forces Pacific		M D W A C Q U I S I T I O N

Army's Utility Privatization Schedule

Update: 4/2/2003

* Note: (A)= Actual Date, (P)=Planned Date

Region	Installation	Utility System	State	Procurement Agency	RFP Issued	RFP Closes	A-76	RCI	ESPC
Southeast	STEWART	Natural Gas	GA	US COE HUNTSVILLE	6/14/2003 (P)	10/15/03		<input checked="" type="checkbox"/>	
Southeast	GORDON	Electric	GA	DESC	8/6/2001 (A)	3/19/03	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Southeast	GORDON	Potable Water	GA	DESC	12/3/2002 (A)	4/2/03	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Department of the Navy

Utilities Privatization

DON ENERGY WEBSITE

MAIN
PRIVATIZATION GUIDANCE
APPLICABLE LAWS
[40 USC, Section 481](#)
[10 USC, Section 2688](#)
REGULATIONS & INSTRUCTIONS
[OMB Circular A-94](#)
[OPNAVINST](#)
[DoD Instruction 7041.3](#)
[FAR - Part 41](#)
[DON POCS](#)
PRIVATIZATION PLANS
[Implementation Plan](#)
[Flow Process](#)
[Model RFIs/RFPs](#)
DON STATUS
RFPs [Current / Schedule](#)

POLICY

Department of Navy missions require safe, reliable, modern and economical utility services. The goal is to reduce infrastructure costs. Privatization of utilities is an important tool to achieve these cost savings while providing quality utility services. Therefore, utility systems should be privatized wherever it is economically advantageous to do so.

<http://energy.navy.mil/privatization/>

Air Force UP Website



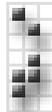
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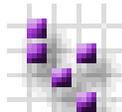


Utility Privatization Branch (DESC-EPP)

**Chief, Contracting Division
(DESC-EP)**

Telephone: (703) 767-8135

DSN: 427-8135



[Request For Interest](#)

Number	Location	Closing Date	Last Update
031203a	Altus Air Force Base	04/09/2003	03/12/2003
031103	Army National Guard, Various Locations	04/23/2003	03/21/2003

<http://www.desc.dla.mil/DCM/DCMPPage.asp?PageID=246>

Search Results

Business Opportunities

Synopsis and Solicitation Grouped by Organization and Posted Date

Active Postings: 131/72905

Page: of 5



April 03, 2003

Agency: Department of the Navy

Office: Naval Facilities Engineering Command

Location: Engineering Field Activity, Northwest

Posted: April 03, 2003 **Type:** Synopsis **Title:** S -- Notice of intent to privatize the wastewater collection utility system at Naval Station Everett, Waterfront Complex, Everett, Washington **SOL:** Reference-Number-N44255-01-R-8003

<http://www.fedbizopps.gov/>