Facilities Engineering

Acquisition and Sale of Utilities Services

Headquarters
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SUMMARY of CHANGE

AR 420-41
Acquisition and Sale of Utilities Services

This revision--

- Delegates certain acquisition approval authority to MACOMs.
- Restructures format by placing details of Army procedures and administration in appendixes.
- Lists acceptable methods for acquisition of utilities services.
- Replaces the term "Facilities Engineer" with the current term "Director of Engineering and Housing."
- Adds references to Army regulations for guidance in classification of funds for connection charges.
- Changes title of regulation.
Facilities Engineering

Acquisition and Sale of Utilities Services

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Glossary

*This regulation supersedes AR 420–41, 1 October 1982.
Chapter 1

General

1–1. Purpose
This regulation prescribes Army unique procedures and responsibilities regarding acquisition of utilities services pursuant to the Armed Services Procurement Regulation, Supplement Number 5 (ASPRS No. 5). It also prescribes policies, procedures, and responsibilities for the sale of utilities and related services. Its purpose is to acquire utility services at the lowest overall cost commensurate with requirements.

1–2. References
Required and related publications, and prescribed and referenced forms are listed in appendix A.

1–3. Explanation of abbreviations and terms
Abbreviations and special terms used in this regulation are explained in the glossary.

1–4. Responsibilities

a. The Chief of Engineers (COE). The Chief of Engineers will prescribe unique policies and procedures relating to the acquisition of utility services and sale of utilities and related services. He or she is designated the Army Power Procurement Officer (APPO) through redelegation by the Assistant Secretary of the Army (Research, Development, and Acquisition) with authority to approve the acquisition of utilities services. The COE may redelegate this authority as deemed necessary for efficient acquisition. He or she may also delegate authority for the sale of utility services by Army activities.

b. The Deputy Army Power Procurement Officer (DAPPO). The Deputy Army Power Procurement Officer (DAPPO) is appointed by the APPO. The DAPPO is the Chief, Army Power Procurement Office, within the U.S. Army Engineering and Housing Support Center. The DAPPO will—

(1) Assist the APPO in the administration of transactions relating to the approval of purchase and sale of utilities services.

(2) Serve as the Army Representative on the Federal Acquisition Regulation (FAR) Joint Committee on Utilities, as an Army Representative on the Defense Utilities Energy Coordinating Council (DUECC) Acquisition Committee, and provide oversight of the Army’s DUECC regional and area boards.

(3) Provide engineering and technical assistance related to acquisition and sale of utilities services.

(4) Ensure compliance with unique procedures of the FAR system pertaining to the acquisition of utilities services.

(5) Approve acquisition of utilities services extending beyond a current fiscal year, but not exceeding 10 years.

(6) Perform utilities services acquisition and sales oversight functions as described in paragraph c, below, for the following MACOMs:

(a) U.S. Army Health Services Command.

(b) U.S. Army Information Systems Command.

(c) U.S. Army Intelligence and Security Command.

(d) U.S. Army Military Academy.

(e) Military Traffic Management Command.

(f) U.S. Army Strategic Defense Command.

(g) U.S. Defense Logistics Agency.

(c) Commanders of Major Army commands (MACOMs).

(1) The MACOM commanders will provide operational oversight of the preparation, technical rates selection, negotiation, and award of contracts for the acquisition and sale of utility services. He or she will designate the MACOM Engineer to act on his or her behalf for oversight and redelegation as required to ensure compliance with this regulation.

(2) For those MACOMs commanded by a four-star Army General, the MACOM engineer will act as Assistant Deputy Army Power Procurement Officer (ADAPPO) and will—

(a) Assist the DAPPO in the administration of transaction relating to the approval of acquisitions and sales of utilities services.

(2) Ensure compliance with unique features of the FAR system pertaining to the acquisition of utilities services for CONUS installations.

(3) Ensure compliance with the status of forces agreement of the applicable host nation for installations/communities outside CONUS.

(d) Approve acquisition of utilities extending beyond a current fiscal year, but not exceeding 10 years.

(3) The MACOM engineer will appoint an Army Power Procurement Officer Representative (APPOR) with an engineering background and experience in utility rate analysis and negotiations with utility companies to assist the contracting officer in the oversight of all transactions related to the acquisition of utilities services. The APPOR will also assist in the oversight of sales of utilities services.

(4) The MACOM APPOR will—

(a) Approve the acquisition of utilities services within limits specified in paragraph 2–3b.

(b) Review and approve rates or rate computations at least yearly for the sale of all utilities services available at installations within the command.

(c) Review proposed acquisitions of utilities services that require approval by the DAPPO or ADAPPO. For DAPPO approval, forward these to Department of the Army, U.S. Army Engineering and Housing Support Center, ATTN: CEHSC–C, Fort Belvoir, VA 22060–5516.

(d) Review, annually, existing utilities acquisition contract rates, survey load characteristics, and make or recommend adjustments of rates and charges.

(e) Provide assistance to installations or communities in solicitation, negotiation, preparation, revision, and modification of utilities contracts.

(f) Maintain liaison with State, municipal or applicable regulatory bodies responsible for regulating utilities and maintain familiarity with prescribed policies, procedures, and rates.

(g) Review utilities rates to determine if primary facilities should be owned by the Government or the utility supplier.

(h) Administer the sale of utilities and related services.

(i) Visit installations or communities to ensure that the acquisition and sale of utilities services are in accordance with policy and regulations.

(5) Installation or community commanders are responsible for oversight of the acquisition and sale of utilities services. They will—

(a) Ensure coordination between the contracting officer and the Director of Engineering and Housing in all phases of the acquisition of utilities services.

(b) Ensure the policies of this regulation are followed in the sale of utilities and related service.

(6) The Director of Engineering and Housing (DEH) will—

(a) Coordinate the acquisition of utilities services and provide technical support to the contracting officer.

(b) Designate a professional engineer as the utilities sales/service officer.

(7) The utilities services/sales officer will—

(a) Prepare technical supporting data pertaining to the acquisition and administration of utilities services as required by this regulation and the FAR System.

(b) Participate in technical and rates negotiations and in discussion supporting the contracting officer.

(c) Plan and prepare administrative and contract data for the sale of utilities and related services, as authorized in this regulation.

(d) Execute utilities sales contracts for the resale of utilities and related services.

(8) The installation or area contracting officer will—

(a) Process actions for the acquisition of utilities services after coordination with the utilities services/sales officer.

(b) Execute solicitations and contracts for the acquisition of utilities services following validation and approval of the technical requirements by the proper technical authority.

(9) The installation Staff Judge Advocate will—
(a) Review utilities solicitations and proposed contracts and determine if they are legally sufficient.

(b) Review any supplemental agreements and change orders to utilities contracts for legal sufficiency.

(c) Review proposed sales instruments for legal sufficiency.

2–2. Rate increases

Division and district engineers engaged in Construction, Military Construction, Army (MCA) (AR 415–15), minor construction (AR 415–35), and maintenance and repair work (AR 420–10), for Army installations are responsible under Corps of Engineers regulations for negotiation and preparation of contracts for utilities services required during the projects. Each division engineer will appoint a professional engineer to serve as division APPOR. The installation contracting officer and the DEH utility service/sales officer responsible for future contract administration will be advised of planned negotiations of contracts by the district engineer. The installation will be advised of the status of acquisition actions and will be included in the discussion and resolution of complicated or potentially controversial issues. The installation will be allowed the option of negotiating contracts where there are no connection charges or other expenditures involving the use of military construction funds. All military construction contracts requiring resale of utilities service to a contractor will be coordinated with the installation’s utilities service/sales officer.

Chapter 2
Acquisition of Utility Services

2–1. Acquisition policy

a. APSRS No. 5 is the basic document to be followed in the acquisition of utility services. It contains policy, procedures, and contract formats.

b. Utility services will be procured at the lowest overall total cost to the Army, consistent with appropriate regard for high standards of health and sanitation, adequacy to needs, efficiency of operations, and reliability of service.

c. Installations located outside the United States, its possessions, and Puerto Rico may vary the formats and technical provisions of contracts to comply with local practice when approval is obtained from the appropriate authority. All contracts for installations located outside the United States will comply with the status of forces agreement with the applicable host nation.

d. Acquisition of utility services will be planned to promote and provide full and open competition.

e. The existence of a single franchised service territory is not justification for the acquisition of utility services on a noncompetitive basis.

f. General Services Administration (GSA) area-wide contracts will be used where applicable. However, valid contracts in existence will not be terminated solely for the purpose of converting the transaction to a GSA area–wide contract.

g. Use Operational Maintenance, Army (OMA) funds for connection of existing facilities to a supplier’s distribution systems. Use MCA funds to connect new or expanded facilities to a supplier’s distribution system. Contributions to the cost of expanding a supplier’s production facilities or “backbone” distribution systems are construction.

h. Acquisition plans will be prepared pursuant to Army Federal Acquisition Regulation Supplement (AFARS) subpart 1.7.

2–2. Rate increases

a. When a supplier proposes an increase in the rates to be charged, the utility service/sales officer must determine whether the proposed increase is reasonable, justified, and not discriminatory. The installation contracting officer will be advised of all related negotiations and will participate as he or she determines appropriate.

b. Contract modifications, including supplemental agreements and change orders, covering changes of rates under published rate schedules regulated by a public regulatory body do not require approval of higher authority.

2–3. Levels of approval, Army wide

a. The DAPPO and the ADAPPO may technically approve proposed utilities acquisitions with annual cost over $7,500,000, or connection charges over $500,000.

b. The APPORs may technically approve proposed acquisitions with an estimated annual cost of not more than $7,500,000, or connection cost of not more than $500,000.

c. The MACOM commander may delegate to the installation commander authority to technically approve proposed utilities acquisitions with an estimated annual cost of not more than $250,000, or a connection cost of not more than $200,000.

d. The Director, U.S. Army Contracting Support Agency (SFRO–ZK), will approve all required changes or deviations from standard clauses 8 through 21, APSRS 55–203.2, as specified in the Army FAR Supplement (AFARS) 1.403.

2–4. Preparation of solicitations and contracts

Preparation of solicitations and contracts for the acquisition of utilities services is under the direction of the contracting officer. The utilities service or sale officer provides technical support from initiation of the requirement, through negotiations, to approval of the technical provisions of the solicitation or contract. The Staff Judge Advocate provides legal review and assistance. Contracting officers execute contracts after technical concurrence by the utilities service/sales officer.

2–5. Execution of solicitations and contracts

A contracting officer will execute all solicitations and contracts for the acquisition of utilities services.

2–6. Technical assistance

The DAPPO will provide technical assistance to the MACOMs as requested. Requests for technical assistance should be initiated while projects are still in the site investigation stage.

Chapter 3
Sales of Utilities and Related Services

3–1. Sales policy

a. General. Sales may be made to purchasers specified in paragraph 3–2. Sales to organizations outside the installation will be limited as far as possible. No utilities services will be sold at less than the cost to the Government. Sales must meet the preconditions in b, below.

b. Preconditions for consideration of sales.

(1) The sale will not disrupt present or planned services to the Army.

(2) The services will not be available from local private or public suppliers. The services may be considered to be not available when revenue from the service is not enough to warrant extending service by a private or public supplier.

(3) Construction of facilities or systems by the Government required for the sale will not hinder future construction to serve a customer by a public or private utility company.

(4) Sales of utilities services are not prohibited by any contract under which the Government purchases the services; and

(5) The purchaser is within the installation or in the immediate vicinity of the installation.

c. Utilities and related services that may be sold.

(1) Electric power.

(2) Steam.

(3) Heat.

(4) Hot water.

(5) Water.

(6) Compressed air.
(7) Gas (natural, manufactured, liquefied petroleum, or mixed).
(8) Fuel oil.
(9) Ice.
(10) Mechanical refrigeration.
(11) Air conditioning.
(12) Sewage.
(13) Garbage.
(14) Refuse disposal.

d. Sales of utilities services. Sales of utilities services will be accomplished by written contract or memorandum of understanding, except for services to occupants of Government quarters (if charged). Such sales instruments shall be reviewed for legal sufficiency.

3–2. Purchasers of utilities services.
Sales may be made to—

a. Other Government agencies, Executive departments, independent establishments of the Government, or related bureaus or offices.

b. Lessees of industrial facilities used by lessees for private commercial purposes.

c. Morale, Welfare, and Recreational (MWR) activities. The sale and charges for utilities services to MWR activities will comply with the funding policy in AR 215–1.

d. Concessionaires through their reimbursement to the NAF organizations. When concessionaires are not metered separately, the utilities services/sales officer will compute the charges.

e. Concessionaires, direct sales.


(1) Purchasers located within the installation.

(2) Purchasers located outside the installation.

(3) Military housing projects insured by the Government under title VII of the National Housing Act.

(4) Government employees renting government quarters.

3–3. Rates
Rates for Federal Government activities and family housing will equal the cost to the Government (including operation and maintenance costs plus transmission losses). All other customers located on an installation will be charged the total cost to the Government including transmission losses, operation and maintenance costs, capital charges, and administrative overhead. Customers located off of an installation will be charged the local prevailing rate of the closest utility company; however, the rate will not be less than the total cost to the Government including transmission losses, operation and maintenance costs, capital charges, and administrative overhead.

3–4. Approval authority

a. The DAPPO will coordinate approval of any sales contract involving Title VIII, National Housing Act projects, with the Office of the Secretary of the Army.

b. The APPOR will—

(1) Approve any sales contract involving purchasers located outside the installation.

(2) Approve any sales contract with an annual charge of over $500,000.

(3) Review and approve rates and/or rate calculations for sale of utilities at least annually.

c. The installation DEH will authorize the sale of utilities and related services within dollar limits prescribed by the APPOR.

3–5. Accounting
The proceeds received from the sale of utilities and related services will be credited to the appropriation available for supplying such services.

3–6. Contract preparation and forms

a. The utilities sales officer will prepare and execute sales contracts. All sales will be by written contract except a Memorandum of Understanding may be used for services to other Federal agencies. Services to occupants of Government quarters will be by execution of a local application form suitably prepared to cover accounting transactions.

b. Army procedures for documentation of sales are provided in detail in appendix C.

c. The forms to be used in the sales of utilities and related services are discussed in appendix C and a copy for reproduction purposes is located at the back of this regulation (see para C–2).
Appendix A
References

Section I
Required Publications

AR 210–10
Administration. (Cited in para B–5a)

AR 215–1
Administration of Army Morale, Welfare, and Recreation Activities and Nonappropriated Fund Instrumentalitys. (Cited in para 3–2.)

AR 415–15
Military Construction, Army (MCS) Program Development. (Cited in para 1–4d.)

AR 415–35
Minor Construction. (Cited in paras 1–4d and 2–1g.)

AR 420–10
Facilities Engineering: Management of Installations, Directorate of Engineering and Housing. (Cited in para 1–4d.)

Armed Services Procurement Regulation, Supplement Number 5 (ASPRS No. 5)
Procurement of Utility Services. (Cited in paras 1–1 and 2–1.)

Army Federal Acquisition Regulation Supplement (AFARS). (Cited in para 2–1.)

Defense Federal Acquisition Regulation Supplement (DFARS). (Cited in para C–8.)

Section II
Related Publications

A related publication is merely a source of additional information. The user does not have to read it to understand this publication.

AR 37–series
Finance and Accounting

DOD Directive 5100–32
Delegation of Authority with Respect to Contracts for Procurement of Public Utility Services (USDRE)

Federal Acquisition Regulation (FAR)

Section III
Prescribed Forms

DA Form 2099–R
Contract for Sale of Utilities Services. (Prescribed in para C–2a.)

DA Form 2100–R
Memorandum of Understanding for Sale of Utilities Services. (Prescribed in para C–2b.)

DA Form 2101–R
Special Provisions A (S) Electric Service. (Prescribed in para C–2c.)

DA Form 2102–R
Special Provisions B (S) Gas Service. (Prescribed in para C–2d.)

DA Form 2103–R
Special Provisions C (S) Water Service. (Prescribed in para C–2e.)

DA Form 2104–R
Special Provisions D (S) Sewage Service. (Prescribed in para C–2f.)

DA Form 2105–R
Special Provisions E (S) Steam Service. (Prescribed in para C–2g.)

DA Form 2106–R
Special Provisions F (S) Refuse Disposal Service. (Prescribed in para C–2h.)

Section IV
Referenced Forms

DA Form 1144
Support Agreement

Appendix B
Technical Information Supporting Acquisitions of Utilities Services

B–1. Execution of contracts
Prior to execution of a contract, and prior to issuance of any solicitation for the acquisition of utilities services, the utilities services/sales officer will provide detailed information supporting the requirements to the responsible approval authority. This information will include—

a. The proposed contract consisting of the basic format, the general and technical provisions, utility service specifications, and the mandatory clauses or clauses incorporated by FAR reference.

b. A full description of the service required, including unusual conditions affecting the service and availability of supply.

c. A statement justifying the need for a firm term requirement and the particular term selected.

d. Complete load data pertaining to the service required identifying—

(1) Present and future requirements.

(2) Estimated annual maximum demand.

(3) Average monthly maximum demand.

(4) Use in terms of commercial units of commodity purchased.

(5) Method of arriving at the above estimates.

(6) For electric service, all available information pertaining to the load and power factors.

(7) Information concerning any anticipated connection charges.

(8) The proposed rate of the applicable rate schedule.

(9) Acquisition strategy; for example, GSA contract, local franchise or public utility, nonregulated distributor of market research performed, full justification and support by certified technical documentation of any proposed noncompetitive acquisition.

B–2. Requirements of statements
Requirements statements forwarded for approval must be submitted in five complete copies with adequate time to allow an in–depth review and approval process.

B–3. Primary electric service or metering discounts
For information about primary electric services or meter discounts, see table B–1.

a. Combined loads and meter readings. When practical, combine loads to obtain lowest cost utilities services. Consider the cost of additional facilities required for combining loads. Cost of combining loads at temporary installations will not exceed estimated savings for a 3–year period. When separate meter readings can be billed as one quantity at the same or a lower rate, the method resulting in the lowest overall cost will be employed. This applies not only to the combining of Army loads, but also combining Army with other Government loads when possible.

b. Meter testing and refunds. Contract provisions concerning meter test and refunds for inaccurate meters will conform to regulations of the State or local regulatory body having jurisdiction.

B–4. Invoices
Installation commanders will send to the appropriate APPOR a copy
of all supplier’s invoices for purchased utilities service that average $250,000 a year or more. As specified in the contract, the invoice will show the total billing of—
   a. The various quantities and unit prices.
   b. Any adjustment, such as fuel cost, power factor, credits, and discounts.

B–5. Certification of utilities services invoices
   a. The installation commander, per AR 210–10, may assign employees to certify invoices. A DEH employee, usually the utility service/sales officer, is assigned this duty. The following documents must be available for reference and or attachment in the process of certifying an invoice:
      (1) Contract or other procurement document.
      (2) Receiving report or certificate of performance (or equivalent).
      (3) Supplier invoice.
   b. The person who certifies the invoice must ensure before signing the certificate that—
      (1) The services have been properly contracted for and received.
      (2) The invoice agrees with the contract’s terms.

B–6. Administration
One copy of the final executed acquisition contract will be provided to the technical approving authority.

Table B–1
Primary electric service or metering discounts

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Appendix C
Procedures for the Sale of Utilities and Related Services

Section I
Preparation of Sales Contracts

C–1. Responsibilities
   a. The utility services/sales officer will prepare contracts for the sale of utilities and related services.
   b. Sales contracts for utilities services will be authorized by the DEH or by individuals specified in paragraph 3–4.

C–2. Availability of contract forms
The forms listed below are prescribed for use in the sale of utilities and related services. These forms may be locally reproduced on 8½– by 11–inch paper. A copy for reproduction purposes is located at the back of this regulation.
   b. DA Form 2100–R (Memorandum of Understanding for Sale of Utilities Services).
   c. DA Form 2101–R (Special Provisions A(S)—Electric Services).
   d. DA Form 2102–R (Special Provisions B(S)—Gas Service).
   e. DA Form 2103–R (Special Provisions C(S)—Water Service).
   f. DA Form 2104–R (Special Provisions D(S)—Sewage Service).
   g. DA Form 2105–R (Special Provisions E(S)—Steam Service).
   h. DA Form 2106–R (Special Provisions F(S)—Refuse Disposal Service).

C–3. Use of contract forms
   a. DA Form 2099–R will be used for sales to all purchasers other than the Federal Government and NAF activities. General provision 1 through 13 on DA Form 2099–R will be used for all sales contracts. Provisions for local conditions will be recorded in additional clauses to general provisions.
   b. DA Form 2100–R will be used for all sales to Federal Government agencies and NAF activities.
   c. DD Form 1144 may be used in lieu of DA Form 2100–R at the discretion of the utility services/sales officer. When DD Form 1144 is used, all technical information shown on DA Form 2100–R will be included by reference to or attachment to a formal Memorandum of Understanding.
   d. DA Form 2101–R through 2106–R are for use as attachments to DA Form 2099–R or DA Form 2100–R, as required. Additional clauses may be added for local conditions and to protect the Government and keep record of the transaction. When more than one service is supplied to a single purchaser, all the special provisions will be attached to one contract.
   e. Sales contracts and DA Forms 2100–R will be executed for the Army by the utilities acquisition/sales officer.

C–4. Metering
The purchaser will pay to install a meter at a new or existing point of delivery when the utilities sales officer determines that a meter is required. Army and Air Force Exchange Service and other NAF activities that pay for service (electric, natural gas, and water, and so forth) will be metered, if practical, when the annual use is estimated to be more than $360. When a meter is not installed, utilities consumption will be estimated and charged at the contract rate.

Section II
Supporting Information

C–5. Information required for contract approval
Complete supporting information will be furnished for the installation contract file or when sending sales contracts for approval, per paragraph 3–4. This includes—
   a. Estimated total annual receipts from the sale.
b. Description of local conditions showing compliance of the proposed contract with this regulation.
c. A statement as to the rationale and justification for the sale.
d. Copy of detailed computations of the rates and charges.
e. Description showing that existing facilities provide enough surplus to serve the proposed purchaser, considering future estimated service requirements of the Army.
f. Description of the purchaser’s use of the service.
g. Any other pertinent information that will aid in review and approval of the contract.

Section III
Administration

C–6. Required connecting facilities
Care should be taken to ensure that any additional connecting facilities required to furnish service under contracts for the sale of utilities will be built, maintained, and paid for by the purchaser. The facilities engineer will supervise and approve these functions.

Section IV
Distribution

C–7. Copies of sales contracts
Three executed and two conformed copies of sales contracts will be forwarded to the approving authority. One conformed copy will be kept in the files of the approving authority. Sales contracts will be numbered as specified in DFARS 4.7003–1. The utilities services/sales officer will keep the “Official Contract File” on each sales contract. (Include, in the files, executed copies of the contract documents.)

Section V
Annual Review

C–8. Required review of utilities services
a. Contracts for the sale of utilities services will be reviewed annually by the utilities sales officer, particularly as to rates and the continued necessity and appropriateness of the sale. Rates should be renegotiated when cost of services increase.
b. Where consumption’s are estimated, the annual review will be documented in the contract files.
**Glossary**

**Section I**

**Abbreviations**

- **ADAPPO**: Assistant Deputy Army Power Procurement Officer
- **AFARS**: Army Federal Acquisition Regulation Supplement
- **APPO**: Army Power Procurement Officer
- **APPOR**: Army Power Procurement Officer Representative
- **DAPPO**: Deputy Army Power Procurement Officer
- **DEH**: Director of Engineering and Housing
- **DFARS**: Defense Federal Acquisition Regulation Supplement
- **DUECC**: Defense Utilities Energy Coordinating Council
- **FAR**: Federal Acquisition Regulation
- **GSA**: General Services Administration
- **MACOM**: major Army command
- **MCA**: Military Construction, Army
- **MWR**: Morale, Welfare, and Recreational
- **NAFI**: Nonappropriated Fund Instrumentality
- **OMA**: Operation and Maintenance, Army
- **OASA(RDA)**: Office of the Assistant Secretary of the Army, Research, Development and Acquisition

**Section II**

**Terms**

- **Electricity**: The generation, transmission, and distribution of electric energy for power and light.
- **Fuel**: Coal, oil, gas (natural, manufactured, and liquefied petroleum), wood and electricity for space heating, water heating, and steam generation.
- **Garbage**: Refuse, animal or vegetable matter, as from a kitchen.
- **Heat**: The energy in transition or transfer from one body to another by virtue of a temperature difference existing between the two bodies.
- **Local prevailing rate**: The rate a customer would be charged for a particular class of service if the service could be obtained directly from the installation’s utility supplier or the nearest supplier.
- **Mechanical refrigeration**: Both electrical and gas-operated units.
- **Sales contracts**: DA Form 2100–R, and DD Form 1144.
- **Sewage**: The waste matter from domestic, commercial, and industrial establishments carried off in sewers.
- **Utilities and related services (sale only)**: Electric power, steam, heat, hot water, water, compressed air, gas (natural, manufactured, liquefied petroleum, or mixed), fuel oil, ice, air conditioning, mechanical refrigeration, sewage, garbage, refuse disposal.
- **Utility services (purchase)**: Electricity, gas, water, steam, and other such services not subject to the Service Contract Act of 1965.
- **Water**: The supply and distribution of water for domestic and industrial use and fire protection.

**Section III**

**Special Abbreviations and Terms**

There are no special terms.
RESERVED
CONTRACT FOR SALE OF UTILITIES SERVICES

For use of this form, see AR 420-41; the proponent agency is the Office of the Chief of Engineers

Contract No.
Estimated Annual Cost to Purchaser $

THIS CONTRACT, entered into this day of ____________, 19___ by and between the UNITED STATES OF AMERICA (hereinafter called the “Government”), represented by the Utilities Sales Officer executing this contract and

(Hereinafter called the “Purchaser”) WITNESSETH THAT:

WHEREAS, the Government has established an ______________ near ______________, and owns, maintains and operates facilities for the furnishing of ______________, and which cannot be readily obtained from any other source; and

WHEREAS, the Purchaser desires to obtain ______________ service form the Government, as required for ______________, and which cannot be readily obtained from any other source; and

WHEREAS, construction of facilities in connection with the sale of such service to the Purchaser will not hinder the construction of public or private utility service facilities of a like nature;

WHEREAS, PURSUANT TO 10 USC 2481 the Government is authorized to sell utility service required by the Purchaser;

NOW, THEREFORE, in consideration of the premises and the mutual agreement herein contained, to be performed by the parties hereto respectively, it is agreed as follows:

GENERAL PROVISIONS

1. SERVICES TO BE RENDERED. From and after the effective date of this contract, the government will furnish, subject to the limitations hereinafter provided, and the Purchaser will furnish, subject to the limitations hereinafter provided, and the Purchaser will receive and pay for such utility services as described in Special Provisions attached hereto and made a part hereof.

2. PAYMENTS. For and in consideration of the performance of the stipulations of this contract, the Purchaser shall pay the Government for service herein contracted for, at the rates and under the terms and conditions set forth in attached Special Provisions.

3. USE OF SERVICE. The Government, by reason of this contract, is not DA obligated to permanently supply the Purchaser with utility service. The service described herein is temporarily supplied as an accommodation to Purchaser as Government service is presently available, service is not otherwise readily obtainable by the Purchaser, and the furnishing of such service under the existing conditions is deemed to be in the public interest. Purchaser’s use of such service is limited to such time as service can be supplied by the Government as surplus to its own needs, the Government has facilities and personnel available to supply the service and the service is not readily available to the Purchaser from another source. Purchaser shall use the services provided herein in such manner as not to in any way disrupt or interfere with the requirements of the Government of any other Purchase that may be served by the Government. Such services shall be for use by Purchaser and shall not be purchased for resale.

4. CHANGE OF RATES. The rates for service to be charged the Purchaser shall be the local prevailing rates, if any, for similar service, provided that the rates shall at all times produce a revenue which is not less than the cost to the Government of supplying the service, including losses, overhead, and capital charges. If during the life of this contract there should be an appreciable change in the applicable local prevailing rates or in the cost to the Government, the contract rates set forth herein will be adjusted as required to conform therewith and the Government agrees to furnish, subject to the conditions set forth herein, and the Purchaser agrees to take and pay for, such service at the adjusted rates from and after the date when such adjusted rates are made effective. The rates and charges applicable to the service or services contemplated herein will be renewed annually, or more often if necessary, in compliance with the above requirements.

5. LIABILITY. The Purchaser shall hold and save the Government, its officer, agents and employees, harmless from liability of any kind, for or on account of any claim or action that may be asserted in connection with the services furnished under this contract. The Government will not be held liable for failure to provide continuous service and will not guarantee quality or quantity of service to be supplied nor will the Government be made liable for termination of services.

DA FORM 2099-R, JUL 90

DA FORM 2099, JUN 76 IS OBSOLETE
6. TERMINATION. Services under this contract may be terminated by either party by written notice not less than thirty days in advance of the effective date of termination, provided that in the event of a national emergency proclaimed by the President, the Government may terminate this contract immediately without such advance notice. It is further mutually agreed that this contract will be terminated at such time as:
   a. The service contemplated herein becomes readily available from another source, or
   b. The installation furnishing said service becomes inactive, or
   c. The Government no longer has facilities and/or personnel available to supply the service, or
   d. The Government can no longer supply such service as surplus to its own needs.

7. RECAPTURE. In the event this contract is terminated in accordance with the terms hereof, the Government shall have the right to recapture immediately any utility facility it may have furnished in connection with the sale of any utility service to the Purchaser.

8. FACILITIES TO BE PROVIDED. The Government shall not be obligated in any way for the cost of making connections for Purchaser's service. Purchaser shall, at Purchaser's expense, install, maintain and operate all new facilities required for obtaining service, including suitable metering and regulating equipment and service connections to Government's utility system. Plans for all such facilities shall be subject to the approval of the Utilities Sales Officer and the installation of such facilities shall be subject to his supervision.

9. LICENSE FOR FACILITIES. The Government hereby grants to the Purchaser a license to enter upon and use such license shall continue in effect until termination of this contract. Facilities installed by the Purchaser on a Government installation will be removed promptly at the expense of the Purchaser upon termination of the service contemplated herein. Government land and facilities will be restored to their original condition at the expense of the Purchaser. If the Purchaser fails to so remove such facilities within ninety (90) days, they will be deemed to be abandoned and become Government property.

10. OFFICIAL NOT TO BENEFIT. No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit arising from it. However, this clause does not apply to this contract to the extent that this contract is made with a corporation for the corporation's general benefit.

11. COVENANT AGAINST CONTINGENT FEES. The Purchaser warrants that no person or selling agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, it its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

   "Bona fide agency," as used in this clause, means an established commercial or selling agency, maintained by a contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

   "Bona fide employee," as used in this clause, means a person employed by a contractor and subject to the contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain Government contract or contracts through improper influence.

   "Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

   "Improper influence," as used in this clause, means any influences or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

12. DISPUTES.
   a. This contract is subject to the Contract Disputes Act of 1978 (41 U.S.C. 601-613) (the Act).
   b. Except as provided in the Act, all disputes arising under or relating to this contract shall be resolve under this clause.
   c. "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter or right, the payment of money in a certain sum, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment or money exceeding $50,000 is not a claim under the Act until certified as required by subparagraph d. (1) below. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, it is disrupted either as to liability or amount or is not acted upon in a reasonable time.
   d. A claim by the Contractor shall be made in writing and submitted to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

      (1) For Contractor claims exceeding $50,000, the Contractor shall submit with the claim a certification that:
          (a) The claim is made in good faith.
          (b) Supporting data are accurate and complete to the best of the Contractor's knowledge and belief.
(c) The amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable.

(2) Certification.
(a) If the Contractor is an individual, the certification shall be executed by that individual.
(b) If the Contractor is an individual, the certification shall be executed by:
   1. A senior company official in charge at the Contractor’s plant or location involved; or
   2. An officer or general partner of the Contractor having overall responsibility for the conduct of the Contractor’s affairs.

e. For Contractor claims $50,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over $50,000, the Contracting Officer must, within 60 days decide the claim or notify the Contractor of the date by which the decision will be made.

f. The Contracting Officer’s decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

g. The Government shall pay interest on the amount found due and unpaid from:
   (1) The date the Contracting Officer receives the claim (properly certified if required), or
   (2) The date payment otherwise would be due, if that date is later, until the date of payment. Simple interest on claims shall be paid at the rate fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

h. The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Contracting Officer.

i. The requirements of the Disputes clause at FAR 52.233.1 are supplemented to provide that matters involving the interpretation of retail rates, rate schedules, tariffs, riders, and tariff related terms provided under this contract and conditions of service are subject to the jurisdiction and regulation of the utility rate commission having jurisdiction.

13. DEFINITIONS. As used throughout this contract, the following terms shall have the meanings set forth below:

a. The term “Secretary” means the Secretary, the Under Secretary, or any Assistant Secretary of the Department and the head of the Federal agency; and the term “his duly authorized representative” means any person or persons or board (other than the Contracting Officer) authorized to act for the Secretary.

b. The term “Contracting Officer” means the person executing this contract on behalf of the Government, and any other officer or civilian employee who is a properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

Witness as to Signature of Purchaser

THE UNITED STATES OF AMERICA

______________________________

(Address)

(Purchaser)

______________________________

(Official Title)

______________________________

(Business Address)
MEMORANDUM OF UNDERSTANDING FOR SALE OF UTILITIES SERVICES

For use of this form, see AR 420-41, the proponent agency is the Office of the Chief of Engineers

Contract No. ___________________________
Estimated Annual Cost to Purchaser $ ___________________________

THIS AGREEMENT, entered into this ___________ day of ___________, 19 __________ by and between the DEPARTMENT OF THE ARMED FORCES, an agency of the United States Government, (hereinafter called the Army), represented by the Utilities Sales Officer executing this agreement and

(Hereinafter called the "Purchaser")

WITNESSETH THAT:
WHEREAS, the Army has established an ___________ near ___________ known as ___________ and owns, maintains and operates facilities for the furnishing of ___________ service; and

WHEREAS, the Purchaser desires to obtain ___________ service from the Army, as required for ___________ service; and

WHEREAS, the Army is authorized to supply the service and the Purchaser is authorized to pay for the service pursuant to the terms of the Economy Act of 30 June 1932, 47 Stat. 417 as amended, (31 USC 686);

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, to the performed by the parties hereto respectively, it is agreed as follows:

GENERAL PROVISIONS

1. SERVICE TO BE RENDERED. From and after the effective date of this agreement, the Army will furnish on a reimbursable basis, and subject to the conditions hereinafter provided, utility service or services as described in Special Provisions attached hereto and made a part hereof.

2. PAYMENTS. The Purchaser shall reimburse the Army for the utility service or services described herein at the rates and under the terms and conditions set forth in the attached Special Provisions.

3. USE OF SERVICE. The Army, by reason of this agreement is not obligated to permanently supply the Purchaser with utility service. The service described herein is limited to such time as the service can be supplied by the Army as surplus to its own needs. Purchaser shall use the service provided herein in such a manner as to not in any way disrupt or interfere with the requirements of the Army or any other Purchaser that may be served by the Army.

4. CHANGE OF RATES. The rates for service to be charged the Purchaser shall be the local prevailing rates, if any, for similar service, provided that the rates shall at all times produce a revenue which is not less than the cost to the Government of supplying the service, including losses, overhead, and capital charges. If during the life of this contract there should be an appreciable change in the applicable local prevailing rates or in the cost to the Government, the contract rates set forth herein will be adjusted as required to conform therewith and the Government agrees to furnish, subject to the conditions set forth herein, and the Purchaser agrees to take and pay for, such service at the adjusted rates from and after the date when such adjusted rates are made effective. The rates and charges applicable to the service or services contemplated herein will be renewed annually, or more often if necessary, in compliance with the above requirements.

5. TERMINATION. Services under this agreement may be terminated by either party by written notice not less than thirty (30) days in advance of the effective date of termination. In the event of a national emergency proclaimed by the President having an effect on the Army's service requirements, the Army may at its decision, terminate this agreement immediately without such advance notice.
6. FACILITIES TO BE PROVIDED. The Army shall not be obligated in any way for the cost of making connections for Purchaser’s service. Purchaser shall, at Purchaser’s expense, install, maintain and operate all new facilities required for obtaining service, including suitable metering and regulating equipment and service connections to Army’s utility system. Plans for all such facilities shall be subject to the approval of the Utilities Sales Officer and the installation of such facilities shall be subject to his/her supervision.

7. LICENSE FOR FACILITIES. The Army hereby grants to the Purchaser a license to enter upon and use a site or sites to be agreed upon between the parties hereto upon which the Purchaser shall install, operate and maintain the Purchaser’s new facilities to be located on Government property for obtaining service; and such license shall continue in effect until termination of this agreement. Facilities installed by the Purchaser on an Army installation will be removed promptly at the expense of the Purchaser upon termination of the service contemplated herein. Army land and facilities will be restored to their original condition at the expense of the Purchaser. If the Purchaser fails to so remove such facilities within ninety (90) days they will be deemed to be abandoned and become Army Property.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

THE DEPARTMENT OF THE ARMY

BY ________________________________

______________________________
(Official Title)

______________________________
(Purchaser)

______________________________
(Title)
1. ESTIMATED REQUIREMENTS.
   Estimated maximum demand _____________________________ Kw
   Estimated annual consumption __________________________ kwh
   (The parties hereto are not obligated to deliver or receive, nor are they restricted to, the above amounts.)

2. POINT OF DELIVERY. The point of delivery of service shall be

3. DESCRIPTION OF ELECTRIC SERVICE. The Government will supply ____________ phase, _______ wire _______ cycle, alternating current at ____________________________ volts.

4. RATES. The rates to be charged the Purchaser by the Government for the electric service described herein, are as follows:

5. METERING AND BILLING. Service will be measured at ____________________________ volts by ______________ watt-hour meter(s) and ______________ demand meter(s) to be furnished, installed and maintained by the Purchaser. The meter(s) will be read by the Utilities Sales Officer, or his or her authorized representative, and bills will be rendered monthly to the Purchaser by the Government. All such bills will be due and payable 15 days after receipt thereof by the Purchaser.

6. ALTERATIONS AND ADDITIONS.
1. ESTIMATED REQUIREMENTS.
   Estimated maximum demand ___________________________ Mcf per hour
   Estimated annual consumption ________________________ Mcf
   (The parties hereto are not obligated to deliver or receive, nor are they restricted to the above amounts.)

2. POINT OF DELIVERY. The point of delivery of gas shall be the point of connection with Government's gas main, and located ________________________________

3. QUALITY OF GAS. The Government is supplied with (natural) (manufactured) gas by ________________________________
   and will supply the Purchaser with gas of similar characteristics as the gas received by the Government.

4. RATES. The rates to be charged the Purchaser by the Government for the gas service described herein, are as follows:

   Adjustments, if any, made by Government's supplier in the price of the gas received by Government, because of variation in heat content, will be proportionately applied to the above rate schedule.

5. UNITS OF MEASURE. The method of determining the volume of gas in cubic feet, or the quantity of heat units in therms, delivered to the Purchaser by the Government, shall be the same as that used to determine the amount of cubic feet or therms delivered to the Government by its supplier.

6. METERING AND BILLING. Gas will be measured by ________________________________ (displacement) (orifice) meter(s) to be furnished, installed and maintained by the Purchaser. The meter(s) will be read by the Utilities Sales Officer, or his authorized representative, and bills will be rendered monthly to the Purchaser by the Government. All such bills will be due and payable 15 days after receipt thereof by the Purchaser.

7. ALTERATIONS AND ADDITIONS.
SPECIAL PROVISIONS C (S)
WATER SERVICE

For use of this form, see AR 420-41, the proponent agency is the Office of the Chief of Engineers

1. ESTIMATED REQUIREMENTS.
   Estimated maximum demand ____________________________
   Estimated annual consumption ____________________________

   (The parties hereto are not obligated to deliver or receive, nor are they restricted to the above amounts.)

2. POINT OF DELIVERY. The point of delivery of water shall be the point of connection with Government's water main, and located ____________________________

3. QUALITY OF WATER. The Government will supply the same quality of potable water as supplied to ____________ by means of its water system located at the said ____________________________

4. RATES. The rates to be charged the Purchaser by the Government for the water service described herein, are as follows:

5. METERING AND BILLING. Water will be measured by ____________________________ inch meter(s) to be furnished, installed and maintained by the Purchaser. The meter(s) will be read by the Utilities Sales Officer, or his or her authorized representative, and bills will be rendered monthly to the Purchaser by the Government. All such bills will be due and payable 15 days after receipt thereof by the Purchaser.

6. ALTERATIONS AND ADDITIONS.
1. ESTIMATED REQUIREMENTS.

Estimated annual volume

(The parties hereto are not obligated to deliver or receive, nor are they restricted to, the above amounts.)

2. POINT OF DELIVERY. The sewage shall be delivered to the government by the Purchaser at

3. SERVICE TO BE RENDERED. The sewage to be received, carried and disposed hereunder shall be such as is customarily received at the Government’s disposal plant, and shall not contain any material which would cause an unusual burden upon the said sewage disposal plant or interfere with the operation of the Government’s sewage system.

4. RATES. The rates to be charged the Purchaser by the Government for the sewage service described herein, are as follows:

5. METERING AND BILLING.

(NOTE: Either of the provisions (a) or (b) below may be used, whichever is applicable.)

a. The sewage received by the Government will be measured by a ____________ type meter to be furnished, installed, and maintained by the Purchaser.

b. The quantity of sewage received by the Government will be taken as ____________ percent of the metered quantity of water used by the Purchaser.

The meter(s) will be read by the Utilities Sales Officer, or his or her authorized representative, and bills will be rendered monthly to the Purchaser by the Government. All such bills will be due and payable 15 days after receipt thereof by the Purchaser.

6. ALTERATIONS AND ADDITIONS.
SPECIAL PROVISIONS E (S)
STEAM SERVICE

For use of this form, see AR 420-41, the proponent agency is the Office of the Chief of Engineers

1. ESTIMATED REQUIREMENTS.
   Estimated maximum demand
   Estimated annual consumption
   (The parties hereto are not obligated to deliver or receive, nor are they restricted to, the above amounts.)

2. POINT OF DELIVERY. The point of delivery of steam shall be the point of connection with Government's steam main, and located

3. DESCRIPTION OF STEAM SERVICE. The Government will supply the same quality of steam as supplied to by means of its steam plant and distribution system located at the said

   The steam pressure will be that normally maintained in Government’s steam main at point of delivery, approximately ______ pounds per square inch. Any deviation from the above described pressure that may be required for Purchaser’s use, will be obtained by means of regulating equipment furnished, installed and maintained by the Purchaser.

4. RATES. The rates to be charged the Purchaser by the Government for the steam service described herein, are as follows:

5. METERING AND BILLING. Steam will be measured by ____________________ meter(s) furnished, installed and maintained by the Purchaser.

   Where condensate meters are used, Purchaser’s facilities for metering and use of steam shall be so constructed and operated that no steam will escape and the condensate from all steam supplied to the Purchaser will pass through the meter. The meters will be read by the Utilities Sales Officer, or his or her authorized representative, and bills will be rendered monthly to the Purchaser by the Government. All such bills will be due and payable 15 days after receipt thereof by the Purchaser.

6. ALTERATIONS AND ADDITIONS.
SPECIAL PROVISIONS F (S)  
REFUSE DISPOSAL SERVICE  

For use of this form, see AR 420-41; the proponent agency is the Office of the Chief of Engineers.

1. ESTIMATED REQUIREMENTS.
   Estimated quantity or refuse per month __________________________ Cu. yards.
   Frequency of collections __________________________ per month

(The parties hereto are not obligated to deliver or receive, nor are they restricted to, the above amounts.)

2. POINT OF DELIVERY. The refuse shall be delivered to the Government by the Purchaser in the following manner:

3. SERVICE TO BE RENDERED. When placed by the Purchaser as described in paragraph 2 of these Special Provisions such refuse shall be collected and disposed of by the Government in the same manner in which all refuse disposal service is provided on the military installation. The refuse to be received and disposed of hereunder shall be such as is customarily received at the Government’s sanitary fill or other place of disposal, as may be designated from time to time, and shall not contain any material which will impose an unusual burden upon the normal operations of the Government.

4. RATES. The rates to be charged the Purchaser by the Government for the refuse disposal described herein, are as follows:

5. BILLING. Bills will be rendered monthly to the Purchaser by the Government. All such bills will be due and payable 15 days after receipt thereof by Purchaser.

6. ALTERATIONS AND ADDITIONS.