PGI Part 241 - ACQUISITIONOF UTILITY SERVICES

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Parent topic: PGI Defense Federal Acquisition Regulation

PGI 241.1 -GENERAL

PGI 241.103 Statutory and delegated authority.

Summary of Statutory Authority for Utility/Energy Purchases

Acquisition Type	Authority	Maximum Term (years)
Energy Commodities (purchased as supplies) (natural gas & electricity) *	10 U.S.C. 3501/ 10 U.S.C. 2829	5 (4) **
Utility Service Contracts (in support of privatization)	10 U.S.C. 2688(d)(2)	50
Utility Service Contracts *** (when not in support of privatization)	10 U.S.C. 3201-3205 40 U.S.C. 113(e)(3)	10

* Section 8093 of Public Law 100-202 specifically precludes the Federal Government from expending appropriated funds to purchase electricity in a manner inconsistent with State law and regulation.

** 5 years in support of facilities and installations (10 U.S.C. 3501) and 4 years for military family housing (10 U.S.C. 2829).

*** GSA has delegated to DoD its authority, under 40 U.S.C. 501(b), to enter into utility service contracts for periods not exceeding 10 years. Absent this authority, the length of DoD utility service contracts in support of facilities and installations would be limited to 5 years (10 U.S.C. 3531) and, for military family housing, would be limited to 4 years (10 U.S.C. 2829).

PGI 241.2 - ACQUIRING UTILITY SERVICES

PGI 241.202 Procedures.

(2)(A) Do not use the connection charge provisions for the installation of Government-owned distribution lines and facilities. The acquisition of such facilities must be authorized by legislation and accomplished in accordance with FAR Part 36. Also, do not use the connection charge provisions for the installation of new facilities related to the supplier's production and general “backbone” system unless authorized by legislation.

(B) Construction labor standards ordinarily do not apply to construction accomplished under the connection charge provisions of this part. However, if installation includes construction of a public building or public work as defined in FAR 36.102, construction labor standards may apply.

PGI 241.205 Separate contracts.

(1) *Definitions*. As used in this section—

“Definite term contract” means a contract for utility services for a definite period of not less than one nor more than ten years.

“Indefinite term contract” means a month-to-month contract for utility services that may be terminated by the Government upon proper notice.

(2) Requests for proposals shall state the anticipated service period in terms of months or years. If the period extends beyond the current fiscal year, evaluate offers of incentives for a definite term contract.

(3) The solicitation may permit offerors the choice of proposing on the basis of—

(i) A definite term not to exceed the anticipated service period; or

(ii) An indefinite term contract.

(4) If the expected service period is less than the current fiscal year, the solicitation shall be on the basis of an indefinite term contract.

(5) Contracts for utility services for leased premises shall identify the lease document on the face of the contract.

(6) Use an indefinite term utility service contract when it is considered to be in the Government's

best interest to—

(i) Have the right to terminate on a 30-day (or longer) notice. A notice of up to one year may be granted by an installation if needed to obtain a more favorable rate, more advantageous conditions, or for other valid reasons; or

(ii) Grant the supplier the right to terminate the contract when of benefit to the Government in the form of lower rates, larger discounts, or more favorable terms and conditions.