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.

Parent topic: PGI 241.2 - ACQUIRING UTILITY SERVICES