DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON, DC

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16 September 2016

MEMORANDUM FOR DISTRIBUTION C – MAJCOMs/FOAs/DRUs/PSUs

FROM: HQ USAF/A4
1030 Air Force Pentagon
Washington, DC 20330

SUBJECT: Air Force Guidance Memorandum to AFI 32-1061, *Providing Utilities to U.S. Air Force Installations*

By Order of the Secretary of the Air Force, this Guidance Memorandum immediately implements changes to AFI 32-1061, *Providing Utilities to U.S. Air Force Installations*, 27 January 2016. Compliance with this memorandum is mandatory. To the extent its directions are inconsistent with other Air Force publications; the information herein prevails, in accordance with (IAW) AFI 33-360, *Publications and Forms Management*, 27 May 2015.

Air Force officials must effectively manage the metering program as a tool for improving building energy efficiency. To ensure informed energy decision making installation energy managers, AFIMSC, and AFCEC personnel must properly determine and report meter data call requirements. To ensure purchased meters are used, not only for billing purposes, but to effectively manage building energy consumption, installation energy managers must collect and analyze meter data, establish energy baselines, benchmark building energy consumption, and promote energy awareness by making consumption information available to building managers. Compliance is achieved IAW direction in the attached Directive Changes to AFI 32-1061.

This Memorandum becomes void after one year has elapsed from the date of this Memorandum, or upon publication of an Interim Change or rewrite of the affected publication, whichever is earlier.

JOHN B. COOPER
Lieutenant General, USAF
DCS/Logistics, Engineering & Force Protection

Attachment:
Directive Changes to AFI 32-1061

cc:
AFIMSC/CC
AFCEC/CL

Attachment
Directive Changes to AFI 32-1061

1. All meter system/inventory/consumptive data call requirements, such as the Annual Energy Management Report (AEMR) from the OSD, will be accompanied by supplementary instructions from AFIMSC and/or AFCEC to ensure proper use, collection, and analysis of meter data. **(T-1)** Instructions will include, at a minimum, the Advanced Meter Reading System (AMRS) SharePoint site https://cs3.eis.af.mil/sites/OO-EN-CE-A4/default.aspx to standardize the data required and help assure the data is correct.

2. Installation energy managers will manage, analyze, and use metered consumption data as a tool to reduce energy and water consumption. Installation energy managers, with assistance from AFIMSC and/or AFCEC, will identify and develop opportunities/initiatives into executable programs. All levels will use consumptive data to establish baselines, benchmark and promote energy awareness. All levels will use metered consumption data for performance compliance and energy analysis. **(T-0)**

3. Placement of meters (electric, natural gas, steam, and water) will be installed in accordance with SAF/IE Memo, Air Force Meter Data Management Plan, 26 February 2014. **(T-1)** Where cost effective and otherwise mandated, installation energy managers will implement programs to meet energy and water reduction goals in EO 13693, Planning for Federal Sustainability in the Next Decade, 19 March 2015 to include utilizing water meters to improve water conservation and management via facility water balancing, and advanced energy meters to optimize energy efficiency and performance in data centers. **(T-0)**

BY ORDER OF THE SECRETARY OF THE AIR FORCE

AIR FORCE INSTRUCTION 32-1061

27 JANUARY 2016

Corrective Actions applied on:
25 August 2016

Civil Engineering

PROVIDING UTILITIES TO U.S. AIR FORCE INSTALLATIONS

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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This instruction implements Headquarters Air Force (HAF) Mission Directive (MD) 1-18, *Assistant Secretary of the Air Force (Installations, Environment, and Energy)*, HAF MD 1-38, *Deputy Chief of Staff, Logistics, Engineering, and Force Protection*, Air Force Policy Directive (AFPD) 32-10, *Installations and Facilities*, and Department of Defense Instruction (DoDI) 4170.11, *Installation Energy Management.* This instruction applies to managing, supplying, purchasing, and selling utility services and commodities, privatizing utility infrastructure, and managing privatized utility infrastructure on Air Force installations. This instruction applies to the Air Force, Air National Guard (ANG) and Air Force Reserve Command (AFRC). The authorities to waive wing/unit level requirements in this publication are identified with a Tier number ("T-0, T-1, T-2, T-3") following the compliance statement. See Air Force Instruction (AFI) 33-360, *Publications and Forms Management*, for a description of the authorities associated with the Tier numbers. Submit requests for waivers through the chain of command to the appropriate Tier waiver approval authority, or alternately, to the Publication Office of Primary Responsibility (OPR) for non-tiered compliance items. Users should send comments and suggested improvements on Air Force (AF) Form 847, *Recommendation for Change of Publication*, through major commands (MAJCOM), and ANG to HQ USAF/A4CE, 1260 Air Force Pentagon, Washington, DC 20330-1260. Forms may be electronically forwarded to the HQ USAF/A4C Workflow Mailbox. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with (IAW) Air Force Manual

(AFMAN) 33-363, *Management of Records*, and disposed of IAW Air Force Records Disposition Schedule located in the Air Force Records Information Management System.

SUMMARY OF CORRECTIVE ACTIONS

Revised guidance for installations to adjust real property records to reflect newly privatized utility systems no later than sixty (60) days after the contract start date. The number of days was changed from 180 days to 60 days IAW AFI 32-9005, *Real Property Accountability and Reporting*.

SUMMARY OF CHANGES

This AFI is substantially rewritten to remove execution information, add Energy guidance, clarify roles and responsibilities, clarify reimbursable policy for Morale Welfare and Recreation (MWR) Category C customers, and include Utilities Privatization (UP) requirements and processes that are supplemented by execution and management guidance found in the UP Playbook. Further guidance can be found in Air Force Pamphlet (AFPAM) 32-10144, *Implementing Utilities at U.S. Air Force Installations*. Administrative changes to office symbols were made due to organizational structure modifications resulting from the Civil Engineer Transformation. This AFI identifies Tiered waiver authorities for unit level compliance items.

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1.3. The Headquarters U. S. Air Force, Directorate of Civil Engineers (HQ USAF/A4C) will: 5

1.4. The Air Force Installation and Mission Support Center (AFIMSC) will: 6

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Chapter 1

ROLES AND RESPONSIBILITIES

1.1. The Assistant Secretary of the Air Force for Installations, Environment, and Energy (SAF/IE) (May redelegate as appropriate) will:

1.1.1. Establish policy and guidance for installation, environment, and energy programs including Energy Security, Operational Energy, and UP programs.

1.1.2. Serve as the conveyance authority for Air Force real property, including utility systems. Execute utility system Bills of Sale (BoS).

1.1.3. Identify candidates for appointment by the contracting agent to serve as the Source Selection Authority (SSA) for UP actions.

1.1.4. Serve as the Air Force Executive Agent for the UP program.

1.1.4.1. Approve UP contract terms in excess of 10 years but not to exceed 50 years.

1.1.4.2. Approve/certify all utility systems exempt from UP.

1.1.5. Respond to and interact with members of Congress, Congressional Staffers, the Office of the Secretary of Defense (OSD), and other Federal and non-Federal agencies regarding Air Force installations, environment, and energy.

1.2. The Secretary of the Air Force, Deputy General Counsel for Installations, Energy and Environmental Law Division (SAF/GCN) will:

1.2.1. Provide day-to-day legal services supporting UP including, but not limited to, policy, transactions, and documentation regarding UP programs and projects.

1.2.2. Interact and coordinate with legal staff from the Air Force General Counsel, the Air Force Judge Advocate General, Air Force Legal Operations Agency (AFLOA), Air Force Civil Engineer Center (AFCEC), and Defense Logistics Agency (DLA) to provide timely and comprehensive legal support for the UP program.

1.2.3. Maintain repository of BoS with original signatures from system owners (SO) and the Air Force conveyance authority.

1.3. The Headquarter U.S. Air Force, Directorate of Civil Engineers (HQ USAF/A4C) will:

1.3.1. Formulate, interpret, and implement policy, provide strategic oversight, approve execution plans and schedules, monitor progress, and advocate for resources for Air Force Facility Energy, utilities, and UP programs.

1.3.2. Manage and provide oversight of Air Force Facility Energy and UP programs.

1.3.3. Prepare operational and procedural guidance for validating Facility Energy and UP requirements projected across the Future Years Defense Program (FYDP).

1.3.4. Serve as Program Element Monitor and resource advocate for AF Facility Energy and UP Programs.

1.3.5. Program sufficient funds to support utility privatization contracts IAW DoDI 4170.11.

1.3.6. Develop responses and assist with Congressional, OSD, Joint Staff, and other Federal and non-Federal agency inquiries.

1.3.7. Develop and coordinate with SAF/IE or the appropriate Deputy Assistant Secretary on business rules, methodologies, templates, and techniques for Facility Energy and UP programs.

1.3.8. Oversee, validate, and coordinate on Facility Energy and UP documents and reports required by legislation, executive orders (EOs), or other directives, and submit to Headquarters Air Force (HAF) offices as required.

1.3.9. Centrally program and fund UP contract requirements.

1.4. The Air Force Installation and Mission Support Center (AFIMSC) will:

1.4.1. BLANK (Placeholder for AFIMSC)

1.5. The Air Force Civil Engineer Center (AFCEC) will:

1.5.1. Implement policy and provide execution guidance for Facility Energy, UP, energy security, Utility Service Agreements (USA), and operation, maintenance, and recapitalization of utility systems. This includes the following: **(T-1)**

1.5.1.1. Develops and coordinates business rules, methodologies, templates, and techniques for Facility Energy and UP programs.

1.5.1.2. Interprets guidance for execution-related questions from the MAJCOM and installations and forwards policy questions to HQ USAF/A4C and the Deputy Assistant Secretary for Environment (SAF/IEE).

1.5.1.3. Develops and implements utility service procedures and guidance IAW AFI 90-1701 and related HAF policies and guidance.

1.5.1.4. Develops, maintains, and administers appropriate execution guidance for facility energy, utilities, and UP.

1.5.1.4.1. OPR for the UP Playbook.

1.5.1.4.2. OPR for AFPAM 32-10144.

1.5.2. Serve as the Air Force point of contact for utility service rates, utility contracts, and utility reimbursements. **(T-1)**

1.5.3. Develop, prepare, and staff documents and reports required by legislation, EOs, or other directives, to HQ USAF/A4C for submission to HAF offices as required. **(T-1)**

1.5.4. Provide technical and legal experts to assist installations with utility rate negotiation and coordinate intervention activities. **(T-1)**

1.5.5. Work with the Secretary of the Air Force Acquisition Contracting Operations Division (SAF/AQCK) and the AFLOA Utility Law Field Support Center to assist MAJCOMs and installations with utility rate negotiations. **(T-1)**

1.5.6. Determine utility sales rates for customers on installations scheduled for closure or realignment according to the Base Realignment and Closure (BRAC) Commission. **(T-1)**

1.5.7. Serve as the execution agent for the Air Force Facility Energy program, and as the Air Force UP Program Management Office (PMO) and Portfolio Manager (PfM). In this capacity, AFCEC will:

1.5.7.1. Provide technical and subject matter experts to assist installations with programmatic, funding, contracting, and execution activities of the Facility Energy, PMO, and PfM offices. **(T-1)**

1.5.7.2. Develop, prioritize, and execute the UP solicitation schedule in coordination with HQ USAF/A4C, MAJCOMs, installations, and the Procurement Contracting Officer (PCO). Obtain priority approval through the CE governance process. **(T-1)**

1.5.7.3. Execute UP Economic Analyses using an OSD-approved economic analysis tool. **(T-0)**

1.5.7.4. Develop, manage, and approve the UP Government Should Cost Estimate (GSCE) for each utility system being considered for privatization. **(T-1)**

1.5.7.5. Prepare, update, and serve as the certifying authority for the UP Certified Economic Analyses in compliance with AFI 65-501, *Economic Analysis*. **(T-1)**

1.5.7.6. Maintain and manage templates for Requests for Proposal (RFPs), BoS, Conveyance Decision Document, Conveyance Decision Analysis, and conveyance letters for UP. **(T-2)**

1.5.7.7. Serve as the focal point for communication and coordination with HAF, MAJCOMs, installations, contracting agencies, the Air Force Audit Agency and other Federal and non-Federal agencies in support of the Facility Energy and UP programs. **(T-1)**

1.5.7.8. Conduct post-conveyance reviews of privatized systems IAW DoDI 4170.11, Enclosure 3, paragraph 3e(2) IAW HAF direction and guidance. **(T-1)**

1.5.7.9. Review projected UP requirements to ensure rate/cost increases for carryover contracts do not include costs for system modifications, connection fees, or inventory increases in support of Military Construction (MILCON), minor construction, or Facilities Sustainment, Restoration and Modernization (FSRM) projects. **(T-1)**

1.5.7.10. Provide long-term and short-term analyses, including financial, economic, and life cycle cost data for the Facility Energy and UP programs. **(T-2)**

1.5.7.11. Develop and oversee a process to ensure real property records accurately reflect the transfer of privatized utility systems to the SO. **(T-2)**

1.5.7.12. Develop and oversee a process to ensure real property records accurately reflect renewable energy power purchase agreement terms. **(T-2)**

1.5.7.13. Analyze UP post-conveyance data to ascertain cost trends and formulate process changes as necessary. **(T-2)**

1.5.7.14. Analyze whether resources, including commodities, are being conserved as a result of privatization and/or utility conservation efforts. **(T-2)**

1.5.8. Collaborate with MAJCOMs and installations to provide projected UP and Facility Energy program execution requirements for the Program Objective Memorandum. Support process with benefits and impacts for centralized programs. **(T-1)**

1.5.9. Support SAF/IEE in the management of the Sustainable Infrastructure Assessment program IAW Department of Defense (DoD) directives. **(T-0)**

1.5.10. Manage and distribute Facility Energy and UP funding based on the execution plan approved by SAF/IE. **(T-1)**

1.5.11. Serve as OPR for developing, implementing, managing, and executing a Meter Data Management Plan (MDMP). **(T-1)**

1.6. MAJCOMs and/or Direct Reporting Units, if applicable, will:

1.6.1. Assist installations in managing, supplying, purchasing, or selling utility services. Facility Energy security should be considered in all USAs. **(T-2)**

1.6.2. Report proposed rate changes to AFCEC with recommendations concerning rate intervention. **(T-2)**

1.6.3. Ensure compliance with the Status of Forces Agreement of the applicable host nation for outside the continental United States (OCONUS) bases. **(T-0)**

1.6.4. Facilitate utility related discussions between installations and AFCEC. **(T-3)**

1.6.5. Fund special studies and analyses for utility issues. **(T-3)**

1.6.6. Approve utility sales agreements for off base customers and for military Housing Privatization (HP) customers receiving utilities from the Air Force. **(T-2)**

1.6.7. Manage the UP program for the MAJCOM and its installations. Additional information is available in the UP Playbook. **(T-2)**

1.6.7.1. The MAJCOM or DRU will appoint a senior UP program point of contact to interface with the installations, AFCEC, and HQ USAF/A4C staffs. **(T-1)** The senior UP POC will:

1.6.7.1.1. Perform as a member of the Source Selection Advisory Council for UP acquisitions within the MAJCOM. **(T-2)**

1.6.7.1.2. Attend all decision meetings, in-person or by teleconference, chaired by the SSA. **(T-2)**

1.6.7.1.3. Provide guidance and leadership, and resolve issues at MAJCOM installations to ensure source selection activities are executed IAW source selection procedures in the Federal Acquisition Regulation (FAR) and its supplements and the UP Playbook. **(T-2)**

1.6.7.2. Coordinate with installations, AFCEC, and HQ USAF/A4C to identify and prioritize utility systems for privatization. **(T-2)**

1.6.7.3. Identify and submit budgetary requirements during UP data calls, and oversee execution of the program. Additional information is available in the UP Playbook. **(T-2)**

1.6.7.4. Support the installation throughout the UP process, including conducting site visits, developing reporting schedules, and documenting progress. **(T-2)**

1.6.7.5. Provide oversight, support, and guidance to the installation before, during, and after utility system conveyance. **(T-2)**

1.6.7.6. Process Economic or Security exemptions for the UP program IAW OSD guidance. **(T-2)**

1.6.7.7. When the PCO is other than DLA Energy, identify the Administrating Contracting Officer (ACO) before the start of the acquisition process for each utility system. **(T-2)**

1.6.7.8. When the Base Civil Engineer (BCE) submits a request to obtain training for government craftsmen on a specific utility system, the MAJCOM coordinates with AFCEC and the installation to complete a training plan in the RFP. **(T-2)**

1.6.7.9. Coordinate and validate the SO's UP Five Year Plans. Additional information is available in the UP Playbook. **(T-2)**

1.6.8. Partner with AFCEC and installations to respond to industry questions during the pre-proposal phase of UP, Energy Savings Performance Contract, or other energy acquisitions. **(T-2)**

1.6.9. Assist installations with planning and executing pre-proposal conferences and site visits with industry. **(T-3)**

1.6.10. Support AFCEC efforts to develop and update the RFP utility specific attachments and the GSCE. Additional information is available in the UP Playbook. **(T-3)**

1.6.11. Participate as a member of the technical evaluation team for each procurement as required by AFCEC. **(T-2)**

1.7. The Installation Commander will:

1.7.1. Oversee the acquisition and sale of utility services, and consider facility energy security and assured mission readiness in USAs. **(T-2)**

1.7.2. Ensure coordination between AFCEC, the Contracting Officer, the Staff Judge Advocate, and the BCE in all phases of utility commodity acquisition and UP activities. **(T-2)**

1.7.3. Take actions or make decisions IAW authorities identified in the legal documents, contracts, and letters of delegated authority. **(T-2)**

1.7.4. Ensure security forces have established and implemented appropriate procedures for the UP SO to gain priority access to the installation, specifically in areas where the privatized systems are located. This is especially important during times of heightened security conditions. **(T-3)**

1.8. The Base Civil Engineer (BCE) will:

1.8.1. Acquire utility commodities at the lowest overall total cost to the Air Force, consistent with proper standards for reliability of service, mission requirements, efficiency of operations, and health and sanitation. **(T-3)**

1.8.2. Designate an Installation Energy Manager IAW AFI 90-1701 to oversee facility energy program awareness, sustainability, and opportunities to decrease energy and water

consumption. The Energy Manager acts as the focal point for coordinating engineering, operations, real property, financial management, contracting and legal activities required for the management, supply, purchase, and sale of utility services. **(T-2)**

1.8.3. Ensure the squadron Resource Advisor (RA) budgets for purchased utility services, including UP contracts, and manages funds. **(T-3)**

1.8.4. Notify AFCEC of purchased utility rate increases and request AFCEC support for utility rate intervention if necessary. **(T-2)**

1.8.5. Ensure installation planners include current industry and/or private sector innovations for meeting utility requirements. More information on planning is available in AFI 32-7062, *Comprehensive Planning*. **(T-3)**

1.8.6. Ensure facility energy and utility conservation policies conform to DoDI 4170.11, paragraph 3d. **(T-0)**

1.8.7. Ensure the RA administers the sale (reimbursement) of utilities. **(T-3)**

1.8.8. Ensure monthly utility bills, including UP costs, are paid in a timely manner to minimize cause of late fees. **(T-3)**

1.8.9. Ensure real property costs are accurately capitalized within ten (10) days of project completion IAW AFI 32-9005, *Real Property Accountability and Reporting*, paragraph 4.3.

1.8.10. Approve utility sales agreements for tenants or other non-governmental customers. **(T-3)**

1.8.11. Ensure the MAJCOM approves utility sales agreements for off-base customers and military HP customers receiving utilities from the Air Force. **(T-2)**

1.8.12. Assist AFCEC and the PCO with planning and executing UP pre-proposal conferences and industry site-visits. **(T-1)**

1.8.13. Partner with AFCEC and the PCO to respond to questions from industry during the pre-proposal phase of UP solicitations. **(T-1)**

1.8.14. Support development and complete updates to the UP RFP and the GSCEs. For more information, refer to the UP Playbook. **(T-1)**

1.8.15. Provide members of the UP source selection team. For more information, refer to the UP Playbook. **(T-1)**

1.8.16. Partner with the new SO to develop a joint inventory of the utility system immediately after the UP contract is awarded and submit the completed inventory prior to the date specified in the UP contract and/or as established by AFCEC as specified in the UP Playbook. **(T-1)**

1.8.17. Ensure a competent and reliable primary and alternate Contracting Officer's Representative (COR) is appointed, trained, and empowered to work closely with the ACO to administer the UP contract IAW the FAR, its supplements, and applicable guidance from OSD, HAF, and AFCEC. **(T-0)**

1.8.18. Adjust installation real property records to accurately reflect the transfer of utility systems to the SO when a BoS is executed. Changes shall be made to the real property records no later than sixty (60) days after the effective date on the BoS. **(T-1)**

1.8.19. Coordinate and partner with the SO to complete the UP Five Year Plan annually for all privatized utility systems and forwards to AFCEC. **(T-1)**

1.8.19.1. The BCE will ensure UP Five Year Plans accurately forecast funding across the FYDP to include carryover costs, Initial System Deficiency Corrections (ISDCs), and system inventory changes. **(T-1)**

1.8.19.2. The BCE will ensure UP Five Year Plans identify costs for system modifications, connection fees, and inventory increases in support of MILCON, minor construction, or FSRM projects. **(T-1)**

1.8.19.3. The BCE uses the SO's UP Five Year Plan to accurately forecast funding across the FYDP to include carryover costs, ISDCs, if any, and cost related to system inventory increases or decreases. **(T-1)**

1.8.20. Ensure the SO provides training to Government (military or civilian) personnel IAW the UP utility services contract. **(T-3)**

1.8.21. Operate and maintain water, wastewater, storm water, natural gas, and liquid fuels systems in accordance with AFI 32-1067 *Water and Fuel Systems.*

1.8.22. Provide, operate, and maintain all real property electrical power systems and equipment, including Equipment Authorized Inventory Data equipment assigned to the BCE and Real Property Installed Equipment items (with some exceptions) in accordance with AFI 32-1062, *Electrical Systems, Power Plants, and Generators.*

1.9. Energy Manager. Each installation requires an energy manager IAW the Energy Independence and Security Act (EISA) of 2007. The Energy Manager optimizes facility energy economics on a day-to-day basis. The Energy Manager will:

1.9.1. Prepare, review (at least annually), and administer all service agreements and rate calculations for providing and selling utility services. **(T-2)**

1.9.2. Monitor base facility energy loads using available resources from the Operations Flight; recommend shifting loads from on-peak to more economical off-peak periods, if feasible. **(T-2)**

1.9.3. Develop and implement a load management plan when driven by changes to facility infrastructure. **(T-2)**

1.9.4. Consider facility energy security in service agreements when driven by changes to facility infrastructure. **(T-2)**

1.9.5. Estimate utility requirements and prepare utility service specifications when driven by changes to facility infrastructure. **(T-2)**

1.9.6. Coordinate with contracting and legal functions for all utility service contract issues. **(T-3)**

1.9.7. Make recommendations on the technical sufficiency and acceptability of proposed rates, connection charges, termination liability provisions, and technical provisions, and provide technical support to the contracting officer at all utility service contract negotiations. **(T-2)**

1.9.8. Manage technical aspects of utility service contracts and assist the contracting officer with administration by providing technical input and recommendations. Verify that services have been received and review all utility service contracts annually. **(T-2)**

1.9.9. Report monthly and annual utility consumption and cost data in the Air Force Energy Reporting System (AFERS) for AFCEC and MAJCOM review. Ensure data is reported into AFERS no later than sixty (60) days after the end of month of consumption or the end of the established billing cycle. **(T-2)** For details on AFERS, see AFPAM 32-10144.

1.9.10. Maintain a utility service folder for each utility purchased and produced on base which contains the following: general data, billing data, contract and utility provider data, utility customer data, service delivery and meter data (including calibration information) and correspondence and news articles. **(T-2)** For more details, see AFPAM 32-10144, Appendix 2.

1.9.11. Implement EISA Section 432, *Management of Energy and Water Efficiency in Federal Buildings*. (**T-0)**

1.9.12. Implement Executive Order 13693 (Planning for Federal Sustainability in the Next Decade), section 3(a)(ii)(B) by installing and monitoring advanced energy meters in all data centers by FY 2018. **(T-0)**

1.10. The Civil Engineer Resource Manager/Advisor will:

1.10.1. Ensure monthly utility bills and UP contract costs are approved for payment. **(T-3)**

1.10.2. Ensure funds availability for utility and UP contract payments. **(T-3)**

1.10.3. Ensure utility and UP contract payments are made on-time to avoid late fees. **(T-3)**

1.10.4. Identify and categorize reimbursable customers. **(T-3)**

1.10.5. Prepare invoices and billing statements for reimbursable customers. **(T-3)**

1.10.6. Coordinate with the Energy Manager to ensure reimbursable customers are notified of rate changes. **(T-3)**

1.11. The Civil Engineer Operations Flight Chief will:

1.11.1. Ensure in-house utility system repair, operations, and maintenance labor, materials, and equipment costs are accurately tracked, documented and reported monthly to the Energy Manager. **(T-3)**

1.11.2. Ensure meter readings are reported monthly to the Energy Manager. **(T-3)**

1.11.3. Review customer work orders and maintenance service contract data for facility energy and utility requirements. **(T-3)**

1.11.4. Ensure manual meter readings are performed when automatic reading capability does not exist. **(T-3)**

1.12. The Base Contracting Officer will:

1.12.1. Negotiate utility service contracts and serve as the installation's primary spokesperson with the utility supplier. **(T-2)**

1.12.2. Approve acquisition and modification of utility services contracts. **(T-2)**

1.12.3. Request the Defense Contract Audit Agency audit the books of utility suppliers not subject to a regulatory body when assistance is needed to determine the cost of service. **(T-1)**

1.12.4. Request, if needed, utility contract guidance from MAJCOM/Contracting and SAF/AQCK. **(T-3)**

1.12.5. Ensure compliance with unique procedures of the FAR and its supplements pertaining to the acquisition of utility commodity services. **(T-2)**

1.13. The Procurement Contracting Officer (PCO) (when other than Base Contracting Officer) will:

1.13.1. Serve as the primary business advisor and principal guidance source to the SSA for UP source selections. **(T-3)**

1.13.2. The PCO conducts the procurement IAW the FAR, its supplements, and OSD Defense Procurement Acquisition Policy guidance. **(T-0)**

1.14. The Contracting Officer's Representative (COR) will:

1.14.1. Review and perform COR duties IAW the ACO contract management plan, quality assurance surveillance plan, or other guidance. **(T-3)**

1.14.2. Maintain appropriate records to oversee the technical work of the contractor, and ensure that deliverables meet the technical and administrative requirements of the contract. **(T-3)**

1.14.3. Submit reports IAW the appointment letter to the ACO and provide contractor performance evaluations input into quality assurance reports. **(T-3)**

1.14.4. Identify and document contractor performance problems and notify the ACO for verification and timely corrective action. **(T-3)**

1.15. The Base Staff Judge Advocate will:

1.15.1. Review utility services solicitations and proposed contracts to determine if they are legally sufficient. **(T-3)**

1.15.2. Ensure utility service contracts comply with Federal, state, and local laws, including ordinances, commission rulings, court decisions, and opinions of the Comptroller General. **(T-3)**

1.16. The Facility Manager will:

1.16.1. Ensure assigned facility occupants follow facility energy conservation goals and guidance. **(T-3)**

1.16.2. Enforce facility energy conservation measures. **(T-3)**

1.16.3. Report wasteful facility energy use to Energy Manager. **(T-3)**

1.16.4. Submit work requests, in conjunction with the Energy Manager, for potential facility energy work identified for facilities. **(T-3)**

Chapter 2

PURCHASING UTILITIES

2.1. Utility Acquisition Authority. The Federal Property and Administrative Services Act (FPASA) [40 USC 501(a)] authorizes the General Services Administration (GSA) to manage, procure, and supply public utility services to the Government. The FPASA also authorizes DoD to procure utility service, accomplished IAW a DoD-GSA agreement.

2.2. Utility Service Requirements. Refer to AFPAM 32-10144 to determine Air Force utility service requirements.

2.3. Utility Bills and Payment. The Financial Management section of the Installations Management Flight shall coordinate to ensure utility bills are validated and processed for payment to avoid late fees. **(T-2)** For details on the utility bill payment process, see AFPAM 32-10144.

2.3.1. The Funds Manager, or RA, in the Financial Management section validates utility bills for payment if the Energy Manager or representative confirms the bill is correct. An e-mail from the Energy Manager or his representative is adequate for this confirmation. Validate utility bills with the statement, *"The services covered by this invoice have been received and the amount of $<insert amount> is proper for payment. Errors in the invoice have/have not been identified and the utility company has been notified of these errors."*

2.3.2. Do not delay a utility payment due to billing errors. Ensure billing elements and rates comply with the most current contract rate. If any elements of the bill are incorrect, pay the amount that would be owed if the elements were correct. Notify the utility company of the discrepancy immediately and follow up with the utility company until the issues are resolved.

2.3.3. Ensure the invoice contains applicable discounts.

2.3.4. Ensure demand charges for periods immediately following power failures do not unfairly penalize the Air Force.

2.3.5. Query the Commander's Resource Integration System periodically for unpaid invoices.

2.3.6. Where appropriate, follow up with Air Force and Defense Finance and Accounting Service (DFAS) personnel prior to bill due dates to help eliminate late fees.

2.3.7. There are several methods of metering and billing from a utility provider. The most advantageous to the Air Force is one master meter and one monthly bill per utility provider. This is not always possible when Air Force facilities are geographically separated. The preferred order of metering and billing for any utility services is as follows:

2.3.7.1. One master meter and one monthly bill.

2.3.7.2. Multiple meters with conjunctive (combined) billing.

2.3.7.3. Multiple meters with separate billing for each meter.

2.4. Utility Purchase Contract Reviews. Perform utility purchase contract reviews annually, or whenever a contract is to be modified, to ensure the Air Force is acquiring utilities at the most favorable rate available and costs are minimized. Document these reviews (consistent with

utility type) using AF Form 3550, *Annual Utility Contract Review for Electric Service*; AF Form 3551, *Annual Utility Contract Review for Gas Service*; and AF Form 3552, *Annual Utility Contract Review for Water and Sewage Service*. For details, see AFPAM 32-10144.

2.5. Utility Service Folders. Installations shall keep a utility service folder for each supplier providing utilities to the installation. **(T-3)** The folder is a tool for managing purchased utilities. For a list of folder contents, see AFPAM 32-10144. This folder is not required at installations where another agency purchases the utilities for the Air Force.

Chapter 3

PRODUCING AND MANAGING UTILITIES

3.1. Ownership of On-Base Utility Systems. On-base utility distribution and production systems are owned, operated, and maintained either by the Government, a local municipality, a public or private utility provider, a SO, or a HP Project Owner (PO).

3.2. Government Owned. Government owned utility systems normally indicate the Air Force is responsible for construction, operations, maintenance, and repair for the utility (commodity) production and distribution system from the base fence or real estate boundary to the point of utility delivery to the customer. If the Government does not produce the utility (commodity), the Government purchases the utility from an off-base provider. Costs to provide utilities to the end user include the purchased utility and the operations, maintenance, repair, and construction of the distribution system.

3.2.1. Limit the off-base utility supplier's ownership to that part of the system needed to connect the utility supplier's service delivery to the base. This delivery point is normally at or near the base real estate boundary.

3.2.2. ANG and AFRC will follow the policy on ownership and operation of ANG and AFRC on-base utility distribution systems as set forth in Assistant Secretary of the Air Force and Deputy Assistant Secretary of the Air Force memoranda.

3.3. Public or Private Utility Provider-Owned. These utility systems are wholly owned and operated by the provider that also supplies the utility (commodity) in the local area. The point of utility delivery is directly to the facility consuming the utility. The Government is not responsible for the maintenance or operations of any part of the distribution system including metering the consumption.

3.4. Utility System is Owned by the SO. If the on-base utility system has been privatized, it is wholly owned, operated, and maintained by a SO. The privatized utility system may include production, distribution, collection, generation and treatment facilities. The SO may be a private company or a local public utility company. UP contracts are utility service contracts (FAR Part 41) with a maximum term of 50 years (10 USC §2688, *Utility Systems, Conveyance Authority*).

3.4.1. If the SO is not the local or current utility provider, the SO charges are a separate charge in addition to the commodity or utility company billing.

3.4.2. If the SO is also the local utility provider, then the UP costs may be included in the utility bill, depending on the structure of the utility contract.

3.5. HP Owned. If HP results in the utility system associated with the housing area transferred to the PO and Air Force facilities are located within the housing area, utility service for these facilities are acquired according to the following options:

3.5.1. HP Distribution System Owned by Local Utility. If the local utility company becomes the provider of utility service to the privatized housing area, then the installation procures utility service from the local utility company for the Air Force facilities within the HP owned area IAW this instruction or the USA, as applicable.

3.5.2. HP Distribution System Owned by PO. If the PO owns and operates the utility distribution system in the privatized housing area, the Government (installation) may provide utility service on a reimbursable basis to the PO. The Government (installation) provides the commodity to the PO; the PO provides wheeling service without charge to any Air Force facilities receiving service from the housing area utility distribution system. The government installs meters to measure the quantity delivered exclusively to the Air Force facilities. These meters are read monthly, and this usage deducted from the metered quantities delivered by the Government (installation) to the PO. These instructions prevail unless otherwise stated in the applicable USA.

3.6. Operations, Maintenance, and Repair Costs for Utility Systems. The operation, repair, and maintenance costs associated with commodity production and utility distribution systems comes from work orders, maintenance service contracts and projects. Coordinate with the Operations Flight for work order and maintenance service contract data and Engineering Flight for project data. For details on Government-Owned Utility Systems and Privatized Utility Systems, see AFPAM 32-10144.

3.7. Project and Capital Investment Costs. Major repair, large maintenance work, minor construction and new construction costs associated with Government owned production and distribution utility systems normally comes from projects. Coordinate with the Engineering Flight for project data.

Chapter 4

PROVIDING UTILITY COMMODITIES

4.1. Utility Service Agreements. 10 USC §2686 authorizes the Secretary of the Air Force or his or her designee to sell utilities and related services to purchasers within or in the immediate vicinity of an Air Force installation. 10 USC §2872a authorizes the Secretary of the Air Force to furnish certain utilities and services on a reimbursable basis in connection with a HP project located on a military installation. Proceeds collected for utility service sales are credited to the appropriated account used for the utility or related service. Ensure all USAs are in writing and signed by the purchaser, the BCE (or MAJCOM Civil Engineer as listed below), and the installation commander (or his or her designee) and attached to a valid support agreement or lease (see Table 4.1, *Reimbursable Customer Service Agreement Form Matrix*, for appropriate forms and corresponding customer classifications). Keep the original agreements and send copies to the purchaser, base accounting and finance office, and the BCE RA. To determine reimbursable status for HP, apply the Sole Benefit Test IAW applicable AF housing policy, including AFI 32-6007 and AFPAM 32-10144.

Table 4.1. Reimbursable Customer Service Agreement Form Matrix.

	SERVICE AGREEMENTS (attach items to corresponding support agreements)				
	Medical & MFH	Non-Federal & Commercial	Federal & Non-DoD	DoD & Golf Course (except MFH & Medical)	MWR Cat C & AAFES (except Golf Courses
No Agreement	Non-Privatized MFH & Medical				
AF Form 3553		✕			
AF Form 3554			✕	✕	✕
AF Form 3555	✕	✕	✕	✕	✕
AF Form 4386	Privatized MFH				
DD 1144			✕	DoD	

4.1.1. Use AF Form 3553, *Utility Sales Agreement for Non-Federal Organizations*, for non-federal organizations. In addition to the BCE approval, the MAJCOM Civil Engineer must also approve the AF Form 3553 for any sales occurring off the installation property.

4.1.2. Use AF Form 3554, *Utility Sales Agreement for DoD Agencies and Non-DoD Federal Agencies*, for DoD and non-DoD Federal agencies. A purchaser with activities in several facilities, such as MWR has only one AF Form 3554. When additional space is needed, add in paragraph 5 of the form, "*See attached memorandum which list each activity, facility, and address to be served.*"

4.1.3. Use AF Form 3555, *Utility Sales Rates Exhibit*, attached as Exhibit A in AF Form 3554 service agreements and Exhibit B in AF Form 3553 sales agreements for documenting resale or reimbursable utility rates. This form may be updated as often as necessary to reflect rate changes. This form is signed and approved by the BCE. The purchaser does not sign

this form. Annual updates of AF Form 3555 are mandatory and include the previous 12 months of actual costs to compute sales rates. Annual updates are effective 1 January of each year. Use AF Form 3556, *Utility Sales Rates Computation Worksheet*, to compute utility rates. Until this form is updated on the Air Force e-Publishing website, contact AFCEC directly for the current version. For more information on how to calculate utility reimbursement rates, see AFPAM 32-10144.

4.1.4. Use AF Form 4386, *Utility Service Agreement for Privatized Military Family Housing*, to provide service to privatized housing owners. The MAJCOM Civil Engineer approves the AF Form 4386 to provide service to military HP projects. Installations receiving Federal power electricity must coordinate with AFCEC to ensure that privatization does not result in the loss of the federal power allocation. **(T-2)**

4.1.5. Ensure the purchaser complies with facility energy conservation procedures. Inspect modifications and additions the purchaser makes to their facilities for facility energy efficiency and conservation.

4.1.6. Keep the rewriting of utility sales agreements to a minimum. Utility sales agreements are in effect until terminated by either party by providing thirty (30) days advance written notification to the other party. When adding, deleting or changing addresses for activities listed in AF Form 3553 and AF Form 3554, attach a memorandum signed by the BCE to the existing AF Form rather than creating a new sales agreement. It is not necessary to supersede, rewrite, or issue a new AF Form 3553 or AF Form 3554 when making minor changes or additions.

4.2. Reimbursement. AFI 65-601, *Budget Guidance and Procedures*, requires utility reimbursement to ensure correct cost accounting. All applicable utility usages are examined to include applicable equipment (e.g., vending machines, batting cages, etc.) as well as facility usages. Installations should show full diligence to correctly account for all applicable reimbursements. Where noted in reimbursement schedules, use of appropriated funds does not only directly equate to Civil Engineer funding, but also any available appropriated funding.

4.3. Restrictions. If the installation commander sells utilities and related services to a non-Federal organization on or in the immediate vicinity of an Air Force installation, all of the following must apply: **(T-1)**

4.3.1. The sale serves the interest of national defense or the public interest.

4.3.2. The service is not available from local private or public suppliers (the person responsible for utilities management makes this determination annually; if there is a local source, the BCE discontinues service as soon as possible). An exception to this requirement is that service to privatized Military Family Housing (MFH) can be provided even if available locally. (10 USC §2872[a]).

4.3.3. The sale does not disrupt present or planned service to the Air Force.

4.3.4. Any minor expansion or extension of Air Force utility distribution systems or facilities needed to make the sale does not hinder the construction of similar public or private facilities.

4.3.5. The service is sold to the purchaser for their consumption, not for resale.

4.4. Utilities Without Reimbursement. Provide utilities without reimbursement to:

4.4.1. Organizations so specified and identified in any DoD or Air Force policy, directives, regulations, or instructions.

4.4.2. Organizations operating in buildings, structures, and facilities located on Air Force-owned or -leased real property and funded with Air Force-appropriated money. See AFI 65-601for additional information.

4.4.3. The Federal Aviation Administration providing air traffic control primarily for Air Force aircraft.

4.4.4. Occupants in Government quarters, MFH, transient billeting facilities, and unaccompanied personnel housing when occupying without charge or when the rental charge is a percentage of the basic allowance for quarters (AFI 32-6007).

4.4.5. MWR Category A and B activities, regardless of location.

4.4.6. MWR Category C and Army & Air Force Exchange Service (AAFES) activities located OCONUS or in remote and isolated locations as listed in AFI 65-106, *Appropriated Fund Support of Morale, Welfare, and Recreation (MWR) and Non-appropriated Fund Instrumentalities.*

4.4.7. MWR Category C and AAFES activities occupying Continental United States (CONUS) bases when appropriated Operations and Maintenance (O&M) funding is available. Not authorized for golf courses or golf course structures other than golf club houses inside the United States except those designated by the Secretary of Defense as a remote and isolated location. Not authorized for cart storage buildings, maintenance sheds, and pro shops inside the United States even if part of golf club house. The Installation Commander determines if appropriated funding is available.

4.4.8. Credit unions occupying Government furnished facilities (AFI 32-9003, *Granting Temporary Use of Air Force Real Property).*

4.4.9. Red Cross activities (AFI 36-3105, *Red Cross Activities Within the Air Force*).

4.4.10. Air Force Aid Society (AFI 36-3109, *Air Force Aid Society [AFAS]*).

4.4.11. United Services Organization incorporated on-base activities (AFI 34-223, *Private Organizations [PO] Program*).

4.4.12. Labor organizations subject to EO 11491, *Labor-Management Relations in the Federal Service*, and authorized by the installation commander to use on-base facilities without cost (AFI 34-223 and AFI 36-701, *Labor-Management Relations*).

4.4.13. Other private organizations, described in AFI 34-223, when use of an on-base facility is occasional and only a minor part of the facility's use.

4.4.14. Contractors (individual, firm, or corporation performing work on an installation), when their contract authorizes them government furnished utilities without reimbursement.

4.4.15. Thrift shops operated by wives/spouses clubs on Air Force installations (AFI 65-601).

4.4.16. Air Force Museums and Air Force Heritage Centers are provided utilities without charge (AFI 84-103, *US Air Force Heritage Program*).

4.5. Provided With Reimbursement. Provide utilities with reimbursement to organizations required by any DoD or Air Force policy, directives, regulations, or instructions to reimburse appropriated funds for utilities. The Air Force pays for the utility service from its own funds and is later reimbursed by the customer. A written USA is mandatory (except for medical, housing, and other organizations that are members of the same wing as the BCE where a fund cite is adequate for reimbursement). The customer reimburses the Air Force within thirty (30) days after the Air Force bills the customer, or as otherwise provided in the USA entered into with the customer. Review documents such as the base telephone directory, real property records, leases, and support agreements can be used to identify new customers. Possible customers purchasing utility services from the Air Force include:

4.5.1. DoD Agencies. The customer may pay in advance for an estimated utility consumption or may reimburse the Air Force within thirty (30) days after the invoice date. Specify payment terms in the support agreement. The following are common DoD federal agencies reimbursing the Air Force for utilities:

4.5.1.1. Category C MWR and AAFES occupying CONUS bases pay in advance for an estimated utility consumption, when appropriated funding is not available. DoD Financial Management Regulation (FMR) treats these customers as “public/non-federal” for purposes of payment to APF due to lack of budgetary authority. This “public/non-federal” status does not apply to other parts of this AFI. Remote and isolated CONUS locations listed in AFI 65-106 are exempt from paying utilities. Note: Category C MWR activities do not reimburse for sewage, refuse collection, and disposal service. AAFES activities are exempt from sewage but reimburse for refuse collection and disposal service.

4.5.1.2. Medical Units and Organizations.

4.5.1.3. Government-Owned MFH.

4.5.1.4. Defense Working Capital Fund (DWCF) Activities described in AFI 65-601. Defense Commissary Agency (DeCA) facilities used solely for retail sales pay for utilities for all areas used to store, warehouse, and sell merchandise. If a DeCA facility is used jointly for retail sales and other military or mission uses, do not charge for the consumption or use of utilities for military or mission essential areas.

4.5.1.5. ANG.

4.5.1.6. Army National Guard.

4.5.1.7. Department of the Army.

4.5.1.8. Department of the Navy.

4.5.1.9. Occupants of leased property according to 10 USC §2667, *Leases: Non-excess Property of Military Departments*.

4.5.2. Non-DoD Federal Agencies. The customer may pay in advance for an estimated utility consumption or may reimburse the Air Force within thirty (30) days after the invoice date. Specify payment terms in the support agreement. The following are common non-DoD federal agencies reimbursing the Air Force for utilities:

4.5.2.1. United States Post Office.

4.5.2.2. Federal Emergency Management Agency.

4.5.2.3. Homeland Security.

4.5.2.4. Drug Enforcement Agency.

4.5.2.5. Department of Energy.

4.5.3. Non-Federal/Commercial Organizations. Non-federal and commercial organizations not exempted by separate instructions and using facility space on other than an occasional basis must reimburse the Air Force for utilities IAW AFI 34-223. Many private organizations are exempted from reimbursing utilities under separate instructions that are specific to the organization, therefore, before charging for utilities, research the Air Force Instructions applicable to the organization. The following are common non-federal customers reimbursing the Air Force for utilities:

4.5.3.1. Public elementary and secondary schools.

4.5.3.2. Private schools.

4.5.3.3. Privatized housing owners (AFI 32-6007).

4.5.3.4. Occupants of privately owned mobile homes (AFI 32-6001).

4.5.3.5. Government civilian employees renting Government quarters (AFI 32-9003).

4.5.3.6. Occupants of military housing projects insured by the Government under 12 USC §1701, *National Housing Act*, and Section 810, *Projects (Wherry Housing)*.

4.5.3.7. Credit unions and banks (AFI 32-9003) unless exempted in separate instructions.

4.5.3.8. Civil Air Patrol (AFI 10-2701, *Organization and Function of the Civil Air Patrol*).

4.5.3.9. Any person or organization that connects equipment, devices, or appliances operated for private gain to the installation's utility system.

4.5.3.10. Contractors working on an installation and their contract does not provide Government furnished utilities.

4.6. Selling Water to Non-Federal Customers. The regulatory status under the Federal and state Safe Drinking Water Act may be negatively impacted when water is sold to non-Federal customers. Coordinate with the base bioenvironmental engineer and the environmental manager to determine regulatory controls of selling safe drinking water.

4.7. Base Closure Locations. AFCEC determines the utility rates for local redevelopment authorities at bases undergoing closure.

4.7.1. AFCEC establishes a sales utility rate that maximizes reimbursement to the Air Force yet is economical for local redevelopment. AFCEC updates the sales rate if there is a significant change in conditions (such as increase in reuse).

4.7.2. The utility sales rate may be no less than the local prevailing rate for similar services.

4.8. Utility Reimbursement Rates. Use AF Form 3556, *Utility Sales Rates Computation Worksheet*, to compute utility rates. Until this form is updated on the Air Force e-Publishing website, contact AFCEC directly for the current version. For information on how to calculate utility reimbursement rates, see AFPAM 32-10144.

4.9. Wheeling Charge. A wheeling charge is applicable when an on-base tenant or privatized contractor purchases utility service directly from the local utility service provider. The Government may allow utility suppliers to use Government-owned, distribution systems to transport utilities to on-base organizations with extremely large utility consumption if adequate capacity is available. The contracting officer adds a wheeling charge provision to the utility contract. Most utility suppliers may not agree to wheel due to the expense of installing and reading meters, obtaining security to get on base, and processing monthly utility bills. It is usually more advantageous to the Government for suppliers to wheel to non-Federal customers with extremely large utility consumption such as a privately owned industrial plant or large privately owned hotel. It is not advantageous to wheel to small users such as banks and credit unions. The base Energy Manager will verify proper wheeling amounts are deducted on the monthly invoice, and annually recalculate the wheeling charge. **(T-2)** The contracting officer will modify the utility service contract no later than 1 January each year to update the wheeling charge. **(T-2)** For more details, see AFPAM 32-10144.

4.10. Utility Invoices and Payment. The Installation Management Flight will process invoices for reimbursement. **(T-3)** The Energy Manager must provide the funds manager a monthly spreadsheet showing the customer, consumption, and reimbursement rate no later than ten (10) days after the utility provider billing date. **(T-3)** The funds manager prepares the invoices. Depending on the base billing process, the Installation Management Flight or DFAS mails the invoices to the reimbursable customer. The Installation Management Flight ensures customers are reimbursing for utilities and paying late fees if applicable.

4.11. Billing Waivers. The Energy Manager may waive billings for Air Force, DoD and Federal customers when the accumulated charges for a reimbursable customer are less than $125 for any calendar quarter. **EXCEPTION:** This waiver does not apply and billing may <u>not</u> be waived for DWCF or non-Federal customers. (AFI 65-601)

4.12. Utility Reimbursable Rate Review. The Installation Management Flight will complete AF Form 3557, *Utility Service Annual Review*, no later than 1 January of each year, to record the annual review and changes in utility agreements and rates. **(T-3)** Keep a copy of the latest annual review and a record of the action taken to resolve any problems or recommendations resulting from the annual review.

Chapter 5

MEASURING UTILITY COMMODITY CONSUMPTION

5.1. Meters. A vital component of the Air Force's Facility Energy program is measuring utility usage by installing meters (electric, natural gas, steam, and water) where appropriate, thus allowing for informed decisions and improved facility energy efficiency. Meters are mandatory at all existing facilities when feasibility criteria are met. See AFPAM 32-10144 for details.

5.1.1. DoDI 4170.11, Enclosure 3, requires the services to develop a MDMP specific to their installations. Specific metering requirements are frequently updated by EO, legislation, directives, instructions, and other policy documents. Refer to AFPAM 32-10144 for guidance on implementing the AF MDMP, including milestones for installing advanced meters and Advanced Meter Reading System (AMRS) as a cyber-secure tool to manage utility consumption data, change behavior, and achieve greater facility energy efficiencies at Air Force installations.

5.1.2. Utility purchase contracts have provisions specifying meter calibration and refunds due the Government when meters are not calibrated correctly. The base Energy Manager will keep a copy of the latest meter calibration test for each meter in the utility service folder. **(T-3)** Calibration for meters owned by the utility provider is the responsibility of the utility provider.

5.2. Meter Installation. Meters with interval and remote reading capabilities are mandatory on all new construction and utility system renovation projects exceeding $200K IAW DoDI 4170.11, Enclosure 3, paragraph 3d(2)(b).

5.2.1. DoDI 4170.11, Enclosure 3, paragraph 3d(2) requires meters at all existing facilities when cost effective.

5.2.2. Electricity, natural gas, and water are metered on appropriate facilities and steam is metered at steam plants IAW DoDI 4170.11, Enclosure 3, paragraph 3d(2)(a). For details on metering potable water, see AFPAM 32-10144 and for details on metering steam plants, see AFI 32-1068, *Heating Systems and Unfired Pressure Vessels.*

5.2.3. Installations will meter Government-owned family housing using a master metering system according to Military Handbook 1190, *Facility Planning and Design Guide*, Chapter 13, paragraph 12. **(T-1)**

5.2.3.1. Meter privately owned (privatized) MFH areas. As a minimum, the PO shall install a master meter at the point of demarcation located between the base utility system and the housing area utility system. **(T-1)** These instructions prevail unless otherwise stated in the applicable USA.

5.2.3.2. The privatized housing area meters are purchased and installed using the PO's funds, but ensure meters meet Unified Facility Guide Specifications requirements and the BCE approves installation of the meter. The PO will ensure meters are installed within thirty (30) days after contract award for the privatized housing or as otherwise provided in the USA entered into with the customer. **(T-3)**

5.2.3.3. The government shall purchase and install meters on government-owned facilities located within privatized military housing areas.

5.3. Meter Consumption Data and Reading. Until advanced meters are fully operational and provide daily consumption data, installations will ensure meter consumption data is collected monthly and, if possible, on the same day the local utility provider reads the base master delivery point meter. **(T-3)** The Energy Manager uses the facility meter data to determine reimbursable customer consumption for utility resale billing.

5.3.1. The Energy Manager also uses Advanced Meter Reading (AMR) consumption data for facility energy conservation monitoring, analyses, benchmarking, trending, and other management concepts required to execute facility energy-based decisions as part of asset management.

5.3.2. Ensure meter readings include type meter, meter identification number, meter location; multiplier and unit of measurement; prior and present month's reading and date; number of days between readings; consumption; and signature and phone number of the meter reader. Use the daily average consumption of any representative period in the event a meter fails.

5.3.3. Keep meter data and billing information for the last 24 months easily accessible. Store all meter information electronically for 7 years. The Energy Manager will annually check the information to determine if consumption is nearing the utility system capacity. **(T-2)**

5.3.4. If actual consumption is nearing capacity, coordinate with the Engineering Flight to analyze the infrastructure for possible capital improvements. Coordinate with the community planning function and the programming flight to determine future requirements.

5.4. Utility Meters and Industrial Control Systems. AMR utility meters connected to any Government-owned local area network (LAN) may not be owned by or conveyed to the SO. If an AMRS is not available and the installation is not programmed to receive AMRS, the installation may request a waiver from AFCEC to transfer the AMR meters to the SO. Ensure the waiver request includes a plan for the required meter data to be transferred to the Energy Manager. If the waiver is approved, and the UP contract requires the SO to send meter data to the COR, AMR meters may be conveyed to the SO only after being disconnected or disabled from the AF LAN. Ensure Industrial Control Systems (ICS) including Supervisory Control and Data Acquisition are also evaluated to determine if they will be conveyed to a SO. All government-owned electric and gas meters connected to the AF LAN must meet Unified Facilities Guide Specifications, are compatible with the AF AMRS, and as required by current DoD Directives and EOs or by Air Force policy, directives, regulations, or instructions. The installation Energy Manager must confirm which meters are mandatory. **(T-0)**

5.4.1. Existing Utility Services Contracts. Modify and re-negotiate an existing utility services contract that has conveyed required meters to a SO to delete the meters from the SO inventory and return them to Government ownership, if cost effective.

5.4.2. Existing Utility Services solicitations. When a utility system with required meters in the inventory is to be conveyed, AFCEC must provide the contracting officer with a revised Section JA so the solicitation can be amended to delete conveyance of the meters. **(T-1)**

5.4.3. Utility Service Contract in Transition. When a utility services contract is currently in the transition phase, remove the required meters from the final inventory as soon as practicable. This guidance is covered in greater detail in the UP Playbook.

5.4.4. ICS. ICSs that are conveyed to a SO can only be connected to a government LAN if it complies with cybersecurity protocols and certificate of net worthiness. (Any ICS that is conveyed to a SO cannot be connected to the base or any government-owned LAN. Evaluate the ICS for network security issues before conveyance to a SO.)

5.5. Utility Consumption Estimating. Estimate present and future requirements (consumption) as realistically as possible. Consider temporary meters for estimating facilities that consume large quantities of facility energy and water.

5.5.1. Overestimation of requirements (consumption) results in excessive connection charges and unreasonable minimum charges. When actual demand is below the contract minimum demand, the installation pays for more service than it actually uses.

5.5.2. Underestimation of requirements (consumption) results in inadequate plant and system capacity, additional connection charges, and a higher unit cost for service based on a low consumption rate schedule.

5.5.3. Prepare a detailed engineering estimate for utility consumption for each facility (or customer) without a functioning meter. Consumption estimates include the parking lot lighting that belongs to the facility but does not include street lighting. Use temporary meters to estimate utility consumption when feasible. Consumption estimates are effective 1 January of each year.

5.6. Electricity and Natural Gas Estimating. Use the Energy Use Intensity (EUI) information if available. If not available, consider using similar EUIs on similar facilities. Account for weather, occupancy, and scheduling effects. See AFPAM 32-10144 for details.

5.7. Water and Wastewater Estimating. If possible, use temporary meters to estimate water consumption; otherwise, use the best estimate possible based on the guidelines in the Federal Water Use Indices. See *The Air Force Water Conservation Guidebook* for details.

Chapter 6

UTILITIES PRIVATIZATION (UP)

6.1. UP Authority and Directive. 10 USC §2688 grants the Secretary of each Military Department the authority to convey a utility system and to enter into a utility services contract. DoDI 4170.11, Enclosure 3, paragraph 3e, requires each DoD Component to "complete privatization decisions on all electric, water, wastewater, and natural gas systems" and attempt to privatize each system.

6.1.1. Exemption from Privatization. The Air Force may declare a utility system exempt from privatization for unique mission or security reasons or when the privatization is determined to be uneconomical. Refer to OSD policy letters and the UP Playbook for details.

6.1.2. Water Rights. Air Force installations should only privatize their water systems when they can do so without relinquishing or transferring water rights as a condition of privatization. In no case may the Air Force abandon, relinquish, forfeit or otherwise prejudice its water rights in conjunction with a utilities privatization contract or conveyance. If privatization causes any such impact on Air Force water rights, then exempt the system from UP for national security reasons.

6.1.3. Depot-Level Industrial Wastewater Treatment Plants (IWTPs). Depot-level IWTPs are not to be included in the privatization of a wastewater system.

6.1.4. Utility Meters. Any AMR utility meters required to be installed by Air Force policy on electric, gas or water systems, whether currently connected to the government's LAN or not, may not be conveyed as part of a privatized system.

6.2. UP Goal and Purpose. The goal of the Air Force UP program is to permanently convey utility systems on active, AFRC, and ANG installations to private or public utility companies in conjunction with award of a long-term utility services contract for the operation and maintenance of those systems. The purpose of privatizing a utility system is to restore utility infrastructure to industry standards for operations, maintenance, recapitalization, health, and safety while achieving a monetary savings over the cost of continued Air Force ownership.

6.3. UP Procedures.

6.3.1. Conveyance and Contracting. Utility systems authorized for privatization are defined in 10 USC §2688. OSD and the Air Force focus primarily on electric, natural gas, water, and wastewater systems; however, other utility systems are authorized for privatization, including steam, hot and chilled water, and telecommunications systems. UP for any utility system privatized under 10 USC §2688 is the result of two decisions: (1) the decision to convey the utility infrastructure and (2) the decision to contract for utility services on the conveyed system.

6.3.1.1. Solicitation for Privatization. Conduct solicitations and contracting activities IAW the FAR and its supplements.

6.3.1.1.1. Solicitations for privatization of utility systems include whole systems. Systems may not be "partially privatized." Integral system components, such as grease traps, transformers, lift stations, etc., should be included in the inventory to be conveyed and privatized.

6.3.1.1.2. DLA Energy is the Air Force contracting agent for UP.

6.3.1.2. Conveyance Decision. A decision to convey a utility system requires support using a comparison of the cost of continued Air Force ownership of the utility system over the term of a projected utility services contract (the GSCE) to the Life Cycle Cost (LCC) of privatization. If the LCC for privatization is higher than the GSCE, then the utility system should not be conveyed unless compelling justification exists for the Air Force to pay more than the GSCE. Conveyance decision process and guidance is outlined in the UP Playbook.

6.3.1.3. Utility Services Contract. After the conveyance decision is made and documented, and as a final result of the solicitation effort, a contract is executed for utility services from the privatization entity to who the infrastructure was conveyed. Utility services contracts for privatized utility systems normally consist of operation, maintenance, repair, upgrade, and recapitalization.

6.3.2. Transition to Conveyance. The transition period is the period between the utility services contract award date and the date that the privatization entity begins to service the utility system. During this period, a comprehensive inventory of the utility system is compiled by the Air Force and the privatization entity. The transition period ends with (1) the conveyance of the utility system infrastructure from the Air Force via a BoS to the privatization entity, which then becomes the SO and (2) the start of contract execution. The BoS lists the completed inventory. Each installation will ensure the BoS with original signatures by the Air Force and SO representatives is forwarded to, and retained by, SAF/GCN. **(T-1)**

6.3.3. Post-Conveyance.

6.3.3.1. Real Property Record Updates. Installations will update real property records no later than sixty (60) days after the effective date of the applicable BoS. **(T-1)**

6.3.3.2. Post Conveyance Reviews. Conduct post conveyance reviews IAW DoDI 4170.11, Enclosure 3, paragraph 3e(2) and supplemental procedures outlined in the UP Playbook. Additionally, installations will ensure post conveyance reviews ascertain the following: **(T-1)**

6.3.3.2.1. If post-conveyance (actual) expenditures, costs, and financial execution data for the conveyed utility system are consistent with pre-conveyance data in the SO's proposal and GSCE.

6.3.3.2.2. If utility system reliability has been restored to equal to, or better than, industry standard.

6.3.3.3. BoS Amendments. Conveyancing of additional utility infrastructure completed by the Air Force or by a third party contractor to the Air Force after the effective date of the BoS is done as an amendment to the BoS. The amendment includes a comprehensive inventory of the additional system components conveyed to the SO.

6.3.4. Environmental Studies to Support UP.

6.3.4.1. An Environmental Baseline Survey (EBS) is not required for those areas that are subject to non-exclusive use under a right of access. An EBS is mandatory for areas that the privatization entity will use exclusively, such as plants or substations.

6.3.4.2. When a privatization action qualifies for application of a categorical exclusion (CATEX), the CATEX should be applied. An Environmental Assessment or Environmental Impact Statement should only be prepared when the action does not qualify for application of a CATEX.

6.4. UP Funding and Programming.

6.4.1. Once a system is privatized, all operation, maintenance, utility services, and recapitalization requirements are provided by the SO and are programmed and funded as a utility services contract (normally FAR Part 41) through the Facility Operations (FO) program element fund source. See UP Playbook for details.

6.4.2. UP funding in support of MILCON, Minor Construction, or Repair Projects. Connection fees and/or installation of new inventory are programmed and funded by the respective project. Subsequent O&M and recapitalization of the new inventory is programmed and funded annually by UP funds. Compliance is mandatory for adding/deleting system inventory and connections to privatized systems as outlined in AFI 32-1021, *Planning and Programming Military Construction (MILCON) Projects* and/or the UP Playbook.

6.5. UP in HP. AFI 32-6007 should be followed in conjunction with this publication in all privatized housing areas because ownership situations and operational criteria vary from installation to installation. Refer to the UP Playbook for details.

6.5.1. HP Waiver Authority. The authority to waive wing/unit level requirements in this publication, as identified with Tier numbers, does not apply to any term, condition or requirement in existing HP leases or agreements. The approval authority for waivers to HP documents are outlined in Air Force delegation of statutory authority letters applicable to HP. A waiver or modification to any term, condition or requirement in a USA or other binding HP agreement may only be accomplished by mutual agreement of the Air Force and the PO.

JOHN B. COOPER, Lt General, USAF
DEPUTY CHIEF OF STAFF FOR LOGISTICS,
ENGINEERING, & FORCE PROTECTION

Attachment 1

GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION

References

10 USC, §2686, *Utilities and Services: Sale; Expansion and Extension of Systems and Facilities*

10 USC §2667, *Leases: Non-excess Property of Military Departments*

10 USC §2688, *Utility Systems: Conveyance Authority*

10 USC §2872a, *Alternative Authority for Acquisition and Improvement of Military Housing, Utilities and Services*

EO 11491, *Labor-Management Relations in the Federal Service*

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AFI 32-9005, *Real Property Accountability and Reporting*, 4 March 2015

AFI 33-360, *Publications and Forms Management*, 25 September 2013

AFI 34-223, *Private Organization (PO) Program*, 8 March 2007

AFI 36-701, *Labor-Management Relations*, 27 July 1994

AFI 36-3105, *Red Cross Activities Within the Air Force*

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AFI 65-106, *Appropriated Fund Support of Morale, Welfare, and Recreation and Nonappropriated Fund Instrumentalities*, 6 May 2009

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AFI 90-1701, *Energy Management*, 16 July 2009

AFMAN 33-363, *Management of Records*, 1 March 2008

AFPAM 32-10144, *Implementing Utilities at U.S. Air Force Installations*

SAF/FM Memorandum on Receiving Advance Payment for Orders from Public Agencies, 1 March 2012

UP Playbook

UP Post Award Management Guide

Air Force Meter Data Management Plan (MDMP), April 2014

The Air Force Water Conservation Guidebook, May 2002

Prescribed Forms

AF Form 3550, *Annual Utility Contract Review for Electric Service*

AF Form 3551, *Annual Utility Contract Review for Gas Service*

AF Form 3552, *Annual Utility Contract Review for Water and Sewage Service*

AF Form 3553, *Utility Sales Agreement for Non-Federal Organizations*

AF Form 3554, *Utility Sales Agreement for DoD Agencies and Non-DoD Federal Agencies*

AF Form 3555, *Utility Service Rates Exhibit*

AF Form 3556, *Utility Sales Rates Computation Worksheet*

AF Form 3557, *Utility Service Annual Review*

AF Form 4386, *Utility Service Agreement for Privatized Military Family Housing*

Adopted Forms

AF Form 847, *Recommendation for Change of Publication*

Abbreviations and Acronyms

AAFES—Army & Air Force Exchange Service

ACO—Administrative Contracting Officer

AF—Air Force

AFCEC—Air Force Civil Engineer Center

AFERS—Air Force Energy Reporting System

AFIMSC—Air Force Installation and Mission Support Center

AFLOA—Air Force Legal Operations Agency

AFMAN—Air Force Manual

AFPD—Air Force Policy Directive

AFI—Air Force Instruction

AFRC—Air Force Reserve Command

AMR—Advanced Meter Reading

AMRS—Advanced Meter Reading System

ANG—Air National Guard

BCE—Base Civil Engineer

BoS—Bill of Sale

BRAC—Base Realignment and Closure

CATEX—Categorical Exclusion

CONUS—Continental United States

COR—Contracting Officer's Representative

DeCA—Defense Commissary Agency

DFAS—Defense Finance and Accounting Service

DLA—Defense Logistics Agency

DoD—Department of Defense

DoDI—Department of Defense Instruction

DWCF—Defense Working Capital Fund

EBS—Environmental Baseline Survey

EISA—Energy Independence and Security Act

EO—Executive Order

EUI—Energy Use Intensity

FAR—Federal Acquisition Regulation

FMR—Financial Management Regulation

FO—Facility Operations

FPASA—Federal Property and Administrative Services Act

FSRM—Facilities Sustainment, Restoration and Modernization

FYDP—Future Year Defense Plan

GSA—General Services Administration

GSCE—Government Should Cost Estimate

HAF—Headquarters Air Force

HP—Housing Privatization

HQ USAF/A4C—Headquarters US Air Force, Directorate of Civil Engineers

HQ USAF/A4CE—Headquarters US Air Force, Energy and Environment Division

IAW—In Accordance With

ICS—Industrial Control Systems

ISDC—Initial System Deficiency Correction

IWTP—Industrial Wastewater Treatment Plant

LAN—Local Area Network

LCC—Life Cycle Cost

MAJCOM—Major Command

MDMP—Meter Data Management Plan

MFH—Military Family Housing

MILCON—Military Construction

MWR—Morale, Welfare, and Recreation

O&M—Operations and Maintenance

OCONUS—Outside the Continental United States

OPR—Office of Primary Responsibility

OSD—Office of the Secretary of Defense

PCO—Procurement Contracting Officer

PfM—Portfolio Management

PMO—Program Management Office

PO—Project Owner

RFP—Request For Proposal

SAF—Secretary of the Air Force

SAF/AQCK—Secretary of the Air Force, Acquisition Contracting Operations Division

SAF/GCN—Secretary of the Air Force, Deputy General Counsel for Installations, Energy and Environmental Law Division

SAF/IE—Assistant Secretary of the Air Force for Installations, Environment, and Energy

SAF/IEE—Deputy Assistant Secretary for Environment

SO—System Owner

SSA—Source Selection Authority

USA—Utility Service Agreement

USC—United States Code

UP—Utilities Privatization

Terms

Bill of Sale—The document/instrument used to convey or transfer all of the Government's right, title and interest in all or part of a utility system at an installation. After it is signed by the Conveyance Authority and the System Owner, the effective date of the Bill of Sale is the date of the conveyance. (See Conveyance)

Capital Investment, Capital Cost—Capital costs can include costs for land, taxes, surveying, construction, inspection, materials, and labor. The total capital costs are the original costs to the government to construct/install the plant, distribution system, or collection system; any additional upgrade, alteration or addition costs; and repair by replacement costs. The net repair by replacement costs are reduced by the original construction costs of the portion replaced.

Certified Economic Analysis—The life cycle cost economic analysis that the Air Force uses to evaluate cost of continued Government ownership verses the privatization alternative. Certified means approved by the Utilities Privatization Program Management Office.

Connection Charge—A fee paid by a utility customer to cover the costs of connecting household or commercial service to utility service lines.

Conveyance—The legal transfer of all of the Government's right, title and interest in all or part of a utility system to the System Owner. (See Bill of Sale)

Conveyance Analysis—The process and analytical tools used by the Conveyance Authority to determine if it is in the best interest of the Air Force to transfer the utility system to the offeror selected by the Source Selection Authority.

Conveyance Authority—The Secretary of the Air Force or designee granted authority under 10 USC §2688 to convey utility systems under the jurisdiction of the Secretary.

Conveyance Decision—The Conveyance Authority makes the decision to convey or not to convey a utility system and, if the decision is to convey, signs the Conveyance Decision Document.

Conveyance Decision Document—Written instrument signed by the Conveyance Authority that documents the conveyance decision. (See Conveyance Analysis)

Cost Of Service—Means the cost of providing a service. Cost-of-service pricing is the setting of a price for a service based on the costs incurred in providing it. Cost of service pricing can be applied to an individual customer based on the costs of serving that customer (usually this is done only with large-scale customers or customers who are costly to serve), or as an average cost of service for a group of similar customers (also called a customer class or category).

Distribution System—Refers to the combination of the physical hardware required to deliver the commodity to end-use customers and the procedures and processes used to perform the actual delivery.

Facility Energy Security—Air Force installation facility energy security is an assured, sustainable, resilient, and sufficient energy supply. The defining characteristics are surety, sustainability, sufficiency, and supply. Surety is reliable, available, and secure energy delivery. Sustainability is a survivable, safe, operable, and maintainable infrastructure. Sufficiency provides the right level of energy surety for the mission. Supply is an efficient, affordable, and diverse source of energy.

Fixed Cost—A fixed cost is a production- or transmission-related expense which must be paid regardless of whether the energy is produced or sold. Fixed costs can include capital costs, labor and maintenance charges, taxes and demand charges among others.

Government Should Cost Estimate—The cost of Government ownership at the level of the Government "should" be spending for the proper sustainment and restoration of a utility system based on industry standards rather than what is actually being spent.

Housing Privatization—Conversion of Government housing to privatized housing through the authorities in 10 USC §2871 and §2885, as amended.

Initial System Deficiency Corrections—Those projects and associated costs necessary to bring a utility system up to the standards typically maintained by industry 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.

Master Metering—A method of metering the use of a utility in which multiple buildings or customers are all metered cumulatively on the same meter. For example, a condominium on master metering would receive one facility energy bill for all condo owners measured through that meter.

Operations and Maintenance—(Department of Defense) Maintenance and repair of real property, operation of utilities, and provision of other services such as refuse collection and disposal, entomology, snow removal, and ice alleviation.

Project Owner—Non-Government/private industry owner and operator of privatized family housing units.

Reimbursable Utilities—Transaction by which the Air Force receives funds from tenants or on-base organizations for a utility service.

Renewals and Replacements—The investments in a utility system to refurbish, overhaul or replace system components that fail or reach the end of their useful life.

43—Attachments to requests for proposal containing installation-specific information.

Sole Benefit Test—The test used to determine whether the Air Force will charge a PO/customer for any operations, maintenance or repair costs associated with system infrastructure owned by the Air Force. Under the Sole Benefit Test, if system infrastructure owned by the Air Force is solely benefiting a PO/customer, the Air Force charges the PO/customer for the operations, maintenance and repair costs for that portion of the system infrastructure. For further information on this process, please see AFPAM 32-10144.

Source Selection Authority—The individual designated to make the best-value decision to privatize an Air Force utility system. The Source Selection Authority is commensurate with the complexity and dollar value of the acquisition. For acquisitions with a total estimated value of $100M or more, the Source Selection Authority shall be an individual other than the Procurement Contracting Officer.

Source Selection Advisory Council—The Source Selection Authority establishes the Source Selection Advisory Council to gain access to functional area expertise to provide support throughout the source selection process, and is established for acquisitions with a total estimated value of $100M or more.

Source Selection Decision Document—The document that memorializes the Source Selection Authority's independent determination whether to award or not to award a utility services contract to a privatization entity.

Source Selection Plan—Provides a written guide for the source selection team, emphasizing source selection procedure and setting forth the standards by which the team evaluates proposals. It reflects the timetable for contract execution and how the Government solicits proposals from industry, evaluates and rate proposals, conducts discussions/negotiations, selects the successful offeror for award, and protects source selection records.

System Owner—An entity that (1) receives a conveyance of a utility system from the Air Force and (2) is awarded a utility services contract to operate, maintain, and recapitalize that same utility system.

Utilities Privatization—Conveyance of Government-owned utility systems (primarily electric, gas, water, or wastewater) to a non-Federal entity through the definitions and authorities of 10 USC §2688, as amended, along with a long-term contract to own, operate, maintain, and recapitalize that utility system.

Wheeling—When a utility or facility energy distribution company delivers, or wheels, energy from the transmission system to an end-use customer, it is referred to as retail wheeling. When a customer who also generates energy produces energy at one site, transports it across someone else's facilities and consumes it at another site, it is referred to as self-service wheeling.