



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

15 OCT 1999

MEMORANDUM FOR ALMAJCOM-FOA-DRU (CONTRACTING)

FROM: SAF/AQC
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Applicability of the Federal Acquisition Regulation (FAR) to Utility Privatization

Several commands have asked questions concerning application of the FAR to utility privatization. Utility privatization has two aspects -- a property divestiture and a contract for future utility service. Air Force policy is to solicit for both aspects of the project in one Request For Proposals (RFP). The FAR applies to the utility service contract but does not apply to the property divestiture. Therefore, solicitations shall contain FAR terms and conditions for the utility service contract.

The property divestiture will be prepared in accordance with 10 U.S.C. 2688. FAR Part 6 competitive procedures apply to the award of utility service contracts unless one of the exceptions at FAR Subpart 6.3 applies. The property divestiture must follow competitive procedures in accordance with 10 U.S.C. 2688 unless the servicing Staff Judge Advocate determines in writing that the franchised or regulated utility is the only entity legally authorized to own and operate the utility system to be privatized.

Any questions concerning utility privatization should be directed to Ms. Madhu LeFevre, SAF/AQCO, DSN 425-7030, and e-mail madhu.lefevre@pentagon.af.mil


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