

# Hardin County Water District No. 1

*Serving Radcliff and Hardin County for Over 50 Years*

1400 Rogersville Road  
Radcliff, KY. 40160

RECEIVED

OCT 13 2011

PUBLIC SERVICE  
COMMISSION

October 13, 2011

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602-0615

**SUBJECT:      Application to Acquire the Fort Knox Potable Water System  
                 with Tariff Change**

Dear Director Derouen;

On September 30, 2011 our District entered into a Utility Service Contract with the United States Government, specifically the Defense Logistics Agency / Energy ("DLA") in Ft. Belvoir, Virginia. This contract culminated a competitive negotiations process which started in response Government's initiative to privatize the sewer operations at the Fort Knox Army installation. DLA issued their original Request for Proposals in September, 2008.

Our attorney, Mr. David Wilson, sent advance notice of this filing by letter / facsimile to the Commission on 11-October-2011 (attention Mr. Brent Kirtley). This application was also the subject of an informal conference with yourself and Commission staff members held on 15-April-2011. As part of our contract, the Government has required approval by the Kentucky Public Service Commission (Contract Preamble, Page 5, par. 5), and that we file this application expeditiously. The required operations takeover date is February 1, 2012.

We would appreciate your expedited review and approval of our contract and tariff, with an approval order dated no later than January 15, 2012, if possible. If you or your staff need clarification or additional information, please do not hesitate to call myself or our attorney, Mr. David Wilson (270-351-4404).

Sincerely,



Jim Bruce, General Manager

Encl;    Original and 10 Copies of Filing

Cf;        Mr. David Wilson II, Attorney, HCWD1  
            Mr. William J. Rissel, Chairman, HCWD1 Board of Commissioners

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**IN THE MATTER OF THE APPLICATION OF )**  
**HARDIN COUNTY WATER DISTRICT No. 1 FOR )**  
**)**  
**1. TO THE EXTENT NECESSARY, ISSUE A )**  
**CERTIFICATE OF PUBLIC CONVENIENCE )**  
**AND NECESSITY AUTHORIZING THE ) Case No.**  
**ACQUISITION AND OPERATION OF AN )**  
**ADDITIONAL WATER UTILITY )**  
**2. GRANT A DEVIATION FROM THE )**  
**REQUIREMENTS OF 807 KAR 5:066 )**

\*\*\*\*\*  
**A P P L I C A T I O N**  
\*\*\*\*\*

1. Applicant is a duly organized and operating water district organized and existing under the laws of the Commonwealth of Kentucky (KRS 74 ET. SEQ.) and is engaged in the business of treating and selling potable water and maintaining a water distribution system. Applicant owns and operates facilities that are used to produce and distribute water to the public in portions of Breckinridge, Hardin and Meade Counties, Kentucky. Its territory includes the incorporated area of Radcliff, Kentucky, as well as portions of the Fort Knox Military Installation.
2. The address of the applicant is 1400 Rogersville Road, Radcliff, Kentucky 40160.
3. Certified copies of the order of the Hardin County Fiscal Court establishing the Water District and all amendments thereto are attached to the Petition previously of record with the Public Service Commission and identified as Case No. 97-081.
4. The Applicant requests that the Public Service Commission, in accordance with KRS 278.020(5) and 278.040, approve the Applicant's acquisition of the water utility system at Fort Knox, Kentucky. The terms, conditions and provisions of the acquisition have been reached by virtue of an arms-length negotiation and has resulted in a contractual agreement whereby Applicant has agreed to assume ownership, operation and maintenance of the aforementioned water utility system. The terms of the agreement are set forth in attached **Exhibit 1**.
5. The Applicant has agreed to assume ownership, operation and maintenance of the portable water utility system at Fort Knox, Kentucky, in response to the Government's request for proposal to divest ownership, maintenance and operations of the utility system. Said request

was issued July 1, 2008, by the Defense Logistics Agency/Energy. After review of bids received, the Government and the Applicant negotiated and entered into a Utility Service Contract (“Contract”), executed on the 30<sup>th</sup> day of September, 2011, awarding the Contract to the District and providing for the District to take ownership and operations of all included facilities and operations. The Contract sets forth the terms under which the Applicant will provide service, and the agreed rates which will be charged to the Government.

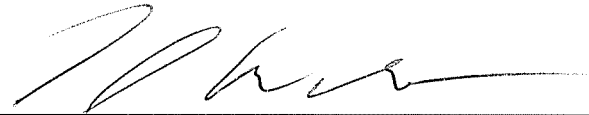
6. The Government in its Contract has stipulated that the Applicant must apply for and receive approval from the Commission for the Contract, and the Applicant’s tariff and said approval must be obtained with 120 days of September 30, 2011, or the Government may terminate the Contract.
7. In accordance with 807 KAR 5:011, the Applicant requests that the Commission approve the attached tariff identified at **Exhibit 2** which is in accordance with the terms, provisions and conditions negotiated between the Applicant and the Government identified as **Exhibit 1**. Specifically, the Applicant requests that the rates and surcharges set forth in the attached tariff be effective upon the commencement of services, subject to refund in the event the Commission does not approve said tariff.
8. It is the Applicants intention, subject to Commission approval, to provide operation and maintenance of the utility systems at the installation.
9. No debt or other obligations are issued or assumed and, therefore, the Applicant submits that the Commission is not required to approve the transfer of the Department of Defense assets to the District.
10. There is no duplication of services resulting from the Applicants acquisition of the Department of Defense Water Utility System at Fort Knox, Kentucky.
11. No funds of the Applicant will be expended for the construction of new utility system assets.
12. Initially, the Applicant will have one customer being the Department of Defense, Fort Knox, Kentucky, which includes all offices, training facilities, residences of the installation and private and quasi private businesses located thereon.
13. The Applicant requests acceptance of the rates set forth in the tariff filed as **Exhibit 2**.
14. To the extent required by applicable statutory and/or regulatory provisions, the Applicant requests the issuance of a Certificate of Public Convenience and Necessity.
15. The contract for service between the District and the Government is a fixed fee, non-metered Contract. Very few of the buildings on post at Fort Knox have meters installed, nor is water to individual buildings billed to an individual customer. There are about 50 individual meters, which the Government bills for utility services as “reimbursable customers”. As part of the Contract, the District will be responsible to maintain, read and replace only those meters, but the billing and collection and customer relationship will remain with the Government. The

District will be installing new master meters at the two water treatment plants, and completing a leak survey to identify and repair leaks in the distribution system. Because of the lack of meters at the end user, it will not be possible to calculate unaccounted for water within the percentage required by the regulation. Further, the Government requires a fixed fee agreement, not based on metered use, the cost of leaked water is already recovered and agreed to by the customer.

WHEREFORE, Hardin County Water District No. 1 requests that the Public Service Commission of the Commonwealth of Kentucky consider this Application and issue a Certificate of Public Convenience and Necessity allowing the Applicant to proceed with all terms of the contract; to further issue appropriate orders approving the tariff attached here as **Exhibit 2**, and finally to grant a deviation from the requirements of 807 KAR 5:066. Moreover, the Applicant notes that the deadline imposed upon it by the United States Government, Department of Defense, for approval of this request is January 30, 2012, and it is requested that orders be entered by January 15, 2012.

HARDIN COUNTY WATER DISTRICT No. 1

By:



---

David T. Wilson II, Attorney at Law  
Attorney for Hardin County Water District No. 1  
SKEETERS, BENNETT, WILSON & PIKE  
550 W. Lincoln Trail Blvd., PO Box 610  
Radcliff, KY 40160  
270-351-4404

**VERIFICATION**

The undersigned, Mr. James S. Bruce, General Manager of the Hardin County Water District No. 1, hereby verifies that he has personal knowledge of the matters set forth in the attached Application, and that he is duly designated by the Board of Commissioners of the Hardin County Water District No. 1 to sign and submit this information on its behalf.

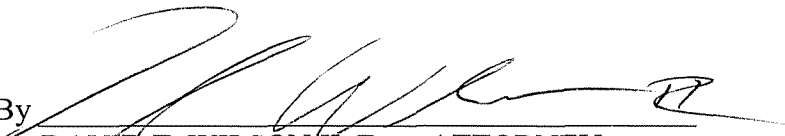
HARDIN COUNTY WATER DISTRICT No. 1

By \_\_\_\_\_  
JAMES S. BRUCE, GENERAL MANAGER

**CERTIFICATION OF SERVICE**

The undersigned, Mr. David T. Wilson II, Attorney for the Hardin County Water District No. 1, hereby verifies that the foregoing was served on Mr. Jeff R. Derouen, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, KY., 40601-8204, and on the Attorney General, Mr. Jack Conway, ATTENTION: Mr. David Spenard, Esq., 1024 Capitol Center Drive, Frankfort, KY, 40601, on this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

SKEETERS, BENNETT, WILSON & PIKE

By   
DAVID T. WILSON II, Esq., ATTORNEY

STATE OF KENTUCKY  
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 13<sup>th</sup> day of October, 2011, personally appeared before me, JAMES S. BRUCE and DAVID T. WILSON II, who being by me first sworn, subscribed to and acknowledged that they both represent the Hardin County Water District No. 1, a Kentucky Corporation, that they have signed the foregoing document as General Manager and Attorney of the District.

  
NOTARY PUBLIC, STATE OF KENTUCKY

My Commission Expires: April 21, 2013

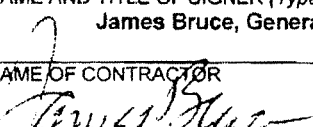
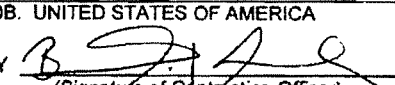


<b>AWARD/CONTRACT</b>		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350)	RATING	PAGE OF PAGES 1   47
2. CONTRACT NO. (Proc Inst. Ident.) NO <b>SP0600-11-C-8271</b>		3. EFFECTIVE DATE <b>SEE BLOCK 20C</b>	4. REQUISITION/PURCHASE REQUEST/PROJECT NO	
5. ISSUED BY: <b>Defense Logistics Agency Energy 8725 John J. Kingman Road, Suite 3937 Fort Belvoir, VA 22060-6222 POC: BRIAN J. KOESSEL/DLA Energy - EF Phone: (703) 767-1595 E-mail: brian.koessel@dla.mil</b>		CODE SP0600	6. ADMINISTERED BY (If other than item 5) CODE	
7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, State and ZIP code) <b>Hardin County Water District No. 1 1400 Rogersville Road Radcliff, KY 40160-9343 Phone: (270) 351-3222 ext. 208 POC: Jim Bruce, General Manager</b>			8. DELIVERY 9. DISCOUNT FOR PROMPT PAYMENT	
CODE 316V9			FACILITY CODE	10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN: <input type="checkbox"/> ITEM G.2
11. SHIP TO/MARK FOR CODE		12. PAYMENT WILL BE MADE BY: CODE <b>HQ0105</b> <b>Defense Finance and Accounting Services DFAS Indianapolis Center 8899 E. 56<sup>th</sup> Street Indianapolis, IN 46249</b>		
13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION <input type="checkbox"/> 10 U.S.C. 2304(c) ( 2 ) <input type="checkbox"/> 41 U.S.C. 253(c) ( )		14. ACCOUNTING AND APPROPRIATION DATA <b>See Section G</b>		
15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE
<b>See Section B</b>				
15G. TOTAL AMOUNT OF CONTRACT				<b>\$253,843,146.00 EST</b>

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#### CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. <input checked="" type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 1 copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)		18. <input type="checkbox"/> AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number SP0600-08-R-0803, including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.	
19A. NAME AND TITLE OF SIGNER (Type or print) <b>James Bruce, General Manager</b>		20A. NAME OF CONTRACTING OFFICER <b>BRIAN J. KOESSEL</b>	
19B. NAME OF CONTRACTOR BY  (Signature of person authorized to sign)	19C. DATE SIGNED <b>29-SEP-2011</b>	20B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	20C. DATE SIGNED <b>9/30/11</b>

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STANDARD FORM 26 (REV. 12/2002)  
Prescribed By GSA - FAR (48 CFR) 53.214(a)

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# PREAMBLE

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Hardin County Water District No. 1 (HCWD1/Contractor) shall assume ownership, operations, and maintenance of the potable water utility system (utility system) at Fort Knox, KY (the Installation). The Contractor shall furnish all necessary labor, management, supervision, permits, equipment, supplies, materials, transportation, and any other incidental services required for the complete ownership, operation, maintenance, repair, upgrade, and improvement of the potable water utility system. These utility services shall be provided in accordance with all terms, conditions, and special contract requirements, specifications, attachments, and drawings contained in this contract or incorporated by reference.

The following terms and conditions of the Preamble shall apply regardless of inconsistent terms and conditions in any other document.

1. This contract is contingent upon mutual agreement between the U.S. Army and the Contractor on the terms and conditions of an Easement providing access to Fort Knox and the Bill of Sale conveying the potable water utility system to HCWD1 (the Easement and the Bill of Sale will be combined into one document). Upon award, the parties agree to work promptly with the cognizant office of the U.S. Army Corps of Engineers to negotiate and finalize the Easement / Bill of Sale. Once executed, the Easement / Bill of Sale shall be provided as Reference JR8.
2. Invoices under this contract shall be submitted separately and not be combined with invoices for any other goods or services provided by HCWD1.
3. Payment for the services provided hereunder including assessment of late-payment charges shall be in accordance with FAR 52.232-25 (Prompt Payment).
4. In accordance with FAR 15.204-1, HCWD1's Final Proposal Revision, Volume III, Section K, *Representations, Certifications, and Other Statement of Offerors*, dated June 23, 2011 is incorporated by reference into this contract.
5. The contract award shall be conditioned upon the Kentucky Public Service Commission's (KPSC) review and approval of this utility services contract. Upon the receipt of a bilaterally executed copy of the contract, the Contractor shall expeditiously prepare a filing with the KPSC for such review and approval. The Government shall cooperate by providing such reasonable documentation as may be necessary to support the regulatory approval process, provided that HCWD1 provides appropriate guidance on the need for and content of such documentation. Should the KPSC impose any substantive conditions on its regulatory approval that are unacceptable to either the Government or HCWD1, the parties shall negotiate in good faith to modify the contract to alleviate any objectionable provisions.
6. HCWD1's regulated tariff rate will recover only its direct costs invested in owning and operating the Fort Knox potable water utility system, plus G&A costs. In accordance with regulations set by the KPSC, HCWD1 is required to maintain separate funds for its expenditures, for rate-making and to avoid un-allowed subsidies between customer accounts, as required by GASB34 accounting standards. HCWD1 shall routinely compare the accumulation of those costs plus its G&A overhead rate against revenues received from the Fort Knox monthly utility service charge. If HCWD1 collects excess funds on its rate charges, the excess funds will remain within the separate account for future use on the Fort Knox potable water utility system only. When total revenue requirements are higher than current rates, HCWD1 will request a rate adjustment. HCWD1 will notify the Government of any anticipated rate adjustments in conjunction with the submittal of its Annual System Deficiency Corrections and Renewals and Replacements Plan.

## Section B

# Supplies or Services and Prices/Costs

---

## B.1 Clauses and Provisions

Clauses and provisions from the Federal Acquisition Regulation (FAR) and its supplements are incorporated in this document by reference and in full text. Those incorporated by reference have the same force and effect as if they were given in full text.

## B.2 Utility Service Charges

The Contract Line Item Numbers (CLINs) discussed below represent the potable water utility system included in this contract for privatization. The total monthly charge due to the Contractor is the sum of the Monthly Service Charge and any applicable surcharges or credits that are in effect during that month. The surcharges that will be in effect, with duration of surcharge in parentheses, are: Transition Surcharge (1 month), Initial System Deficiency Corrections Surcharge (60 months), and Purchase Price Recovery Surcharge (120 months). The credit that will be in effect is the Credit as Payment of Purchase Price (120 months).

### B.2.1 Type of Contract

This is a Regulated Tariff Rate utility services contract. The process for rate adjustments will be in accordance with FAR 52.241-7, *Change in Rates or Terms and Conditions of Service for Regulated Services*.

### B.2.2 Applicable Tariff

The applicable tariff for this contract is HCWD1's Rate Schedule FKW (Exhibit JE7). The Rate Schedule FKW is an exclusive tariff sheet for potable water utility services at Fort Knox. The charges for utility services regulated by the KPSC must be established through a public process and be approved by the KPSC.

Rate Schedule FKW includes a Monthly Service Charge (MSC), an Initial System Deficiency Correction (ISDC) Surcharge, a Transition Surcharge, Purchase Price Recovery Surcharge, and a Credit as Payment of Purchase Price.

#### B.2.2.1 CLINs 0001 – 0050: Monthly Utility Service Charge

The Monthly Utility Service Charge includes the MSC, the Purchase Price Recovery Surcharge, and the Credit as Payment of Purchase Price. The MSC covers operations and maintenance (O&M) and renewals and replacements (R&R) of the potable water utility system.

The Contractor will purchase the potable water utility system for \$8,903,000.00; payable to the Government over a 10-year period (120 months) at an annual interest rate of 3.0% through a monthly credit of \$85,968.00 to the MSC. The Purchase Price Recovery Surcharge is added to the MSC and will also be recovered over 120 months at a monthly charge of \$85,968.00.

Invoicing for the Monthly Utility Service Charge shall be done in accordance with Section G.3, and will commence 30 days after the contract start date. Price changes for CLINs 0001 – 0050 will be determined in accordance with Section B.2.1, *Type of Contract*, and Section G.4, *Utility Service Charge Adjustment*.

**B.2.2.2 CLIN 0051: Transition Surcharge**

The transition period will commence on the contract award date and will be in effect for a period of four (4) months in accordance with Section C.13, *Transition Plan*, and Exhibit JE5. The Transition Surcharge of \$592,518.00 is firm-fixed price and is payable upon conveyance of the utility system. If, due to Government delay, the transition period must be extended, then an additional surcharge of \$1,694.00 per month will be assessed to this CLIN.

**B.2.2.3 CLINs 0052 – 0056: Initial System Deficiency Corrections Surcharge**

The ISDC Surcharge of \$473,831.00 is a fixed uniform monthly charge, which will begin following transition and remain in effect for sixty (60) months. The ISDC surcharge covers the cost of completing the ISDCs identified in Section B.5, *Initial System Deficiency Corrections Charges – Schedule 2*. The sixty month surcharge period corresponds to the period in which those ISDC projects are to be completed by the Contractor.

**B.3 Schedule**

**Utility Service Payment by the Government**

<u>CLIN</u>	<u>Description</u>	<u>Qty</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Total Price</u>
0001	Monthly Utility Service Charge – Year 1				
0001AA	Months 1-12 of 600 ACRN: TBD Period of Performance: Contract Start Date + 12 mos	12	mo	\$246,172.00	\$2,954,064.00

*See Schedule 1 for Breakout of Monthly Utility Service Charge*

**The Contracting Officer reserves CLINs 0002 - 0050 for future year Monthly Utility Service Charges.**

<u>CLIN</u>	<u>Description</u>	<u>Qty</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Total Price</u>
0051	Transition Surcharge ACRN: AA Period of Performance: Contract Award Date + 4 mos	1	LO	\$592,518.00	\$592,518.00
0052	ISDC Surcharge – Year 1				
0052AA	Months 1-12 of 60 ACRN: TBD Period of Performance: Contract Start Date + 12 mos	12	mo	\$473,831.00	\$5,685,972.00
0053	ISDC Surcharge – Year 2				
0053AA	Months 13-24 of 60 ACRN: TBD Period of Performance: Contract Start Date + 12 mos	12	mo	\$473,831.00	\$5,685,972.00
0054	ISDC Surcharge – Year 3				
0054AA	Months 25-36 of 60 ACRN: TBD Period of Performance: Contract Start Date + 12 mos	12	mo	\$473,831.00	\$5,685,972.00

0055	ISDC Surcharge – Year 4				
0055AA	Months 37-48 of 60	12	mo	\$473,831.00	\$5,685,972.00
	ACRN: TBD				
	Period of Performance: Contract Start Date + 12 mos				
0056	ISDC Surcharge – Year 5				
0056AA	Months 49-60 of 60	12	mo	\$473,831.00	\$5,685,972.00
	ACRN: TBD				
	Period of Performance: Contract Start Date + 12 mos				

## B.4 Monthly Utility Service Charge – Schedule 1

Schedule 1 illustrates the Monthly Utility Service Charge for the potable water utility system, as described in Section B.2.2.1 of this contract.

Contract Year	Monthly Service Charge	Purchase Price Recovery Surcharge	Credit as Payment of Purchase Price	Monthly Utility Service Charge	Annual Utility Service Charge
1	\$246,172.00	\$85,968.00	(\$85,968.00)	\$246,172.00	\$2,954,064.00
2	\$246,172.00	\$85,968.00	(\$85,968.00)	\$246,172.00	\$2,954,064.00
3	\$251,528.00	\$85,968.00	(\$85,968.00)	\$251,528.00	\$3,018,336.00
4	\$255,936.00	\$85,968.00	(\$85,968.00)	\$255,936.00	\$3,071,232.00
5	\$260,422.00	\$85,968.00	(\$85,968.00)	\$260,422.00	\$3,125,064.00
6	\$258,340.00	\$85,968.00	(\$85,968.00)	\$258,340.00	\$3,100,080.00
7	\$262,867.00	\$85,968.00	(\$85,968.00)	\$262,867.00	\$3,154,404.00
8	\$267,475.00	\$85,968.00	(\$85,968.00)	\$267,475.00	\$3,209,700.00
9	\$272,163.00	\$85,968.00	(\$85,968.00)	\$272,163.00	\$3,265,956.00
10	\$276,933.00	\$85,968.00	(\$85,968.00)	\$276,933.00	\$3,323,196.00
11	\$281,786.00			\$281,786.00	\$3,381,432.00
12	\$286,725.00			\$286,725.00	\$3,440,700.00
13	\$291,751.00			\$291,751.00	\$3,501,012.00
14	\$296,864.00			\$296,864.00	\$3,562,368.00
15	\$302,067.00			\$302,067.00	\$3,624,804.00
16	\$307,361.00			\$307,361.00	\$3,688,332.00
17	\$312,748.00			\$312,748.00	\$3,752,976.00
18	\$318,230.00			\$318,230.00	\$3,818,760.00
19	\$323,807.00			\$323,807.00	\$3,885,684.00
20	\$329,483.00			\$329,483.00	\$3,953,796.00
21	\$335,258.00			\$335,258.00	\$4,023,096.00
22	\$341,134.00			\$341,134.00	\$4,093,608.00
23	\$347,113.00			\$347,113.00	\$4,165,356.00
24	\$353,196.00			\$353,196.00	\$4,238,352.00
25	\$359,387.00			\$359,387.00	\$4,312,644.00
26	\$365,686.00			\$365,686.00	\$4,388,232.00

Contract Year	Monthly Service Charge	Purchase Price Recovery Surcharge	Credit as Payment of Purchase Price	Monthly Utility Service Charge	Annual Utility Service Charge
27	\$372,095.00			\$372,095.00	\$4,465,140.00
28	\$378,616.00			\$378,616.00	\$4,543,392.00
29	\$385,252.00			\$385,252.00	\$4,623,024.00
30	\$392,005.00			\$392,005.00	\$4,704,060.00
31	\$398,875.00			\$398,875.00	\$4,786,500.00
32	\$405,866.00			\$405,866.00	\$4,870,392.00
33	\$412,980.00			\$412,980.00	\$4,955,760.00
34	\$420,218.00			\$420,218.00	\$5,042,616.00
35	\$427,583.00			\$427,583.00	\$5,130,996.00
36	\$435,077.00			\$435,077.00	\$5,220,924.00
37	\$442,703.00			\$442,703.00	\$5,312,436.00
38	\$450,462.00			\$450,462.00	\$5,405,544.00
39	\$458,357.00			\$458,357.00	\$5,500,284.00
40	\$466,390.00			\$466,390.00	\$5,596,680.00
41	\$474,565.00			\$474,565.00	\$5,694,780.00
42	\$482,882.00			\$482,882.00	\$5,794,584.00
43	\$491,346.00			\$491,346.00	\$5,896,152.00
44	\$499,957.00			\$499,957.00	\$5,999,484.00
45	\$508,720.00			\$508,720.00	\$6,104,640.00
46	\$517,636.00			\$517,636.00	\$6,211,632.00
47	\$526,709.00			\$526,709.00	\$6,320,508.00
48	\$535,940.00			\$535,940.00	\$6,431,280.00
49	\$545,334.00			\$545,334.00	\$6,544,008.00
50	\$554,892.00			\$554,892.00	\$6,658,704.00

## B.5 Initial System Deficiency Corrections Charges – Schedule 2

Schedule 2 illustrates the Initial System Deficiency Corrections for the potable water utility system, as described in Section B.2.2.3 of this contract.

Project No.	Project Name	Project Completion (Contract Year)	Project Cost
ISDC#1	System Survey/ Assessment and Re-Map the Utility System	1	\$121,610
ISDC#2	Leak Detection Survey	1	\$49,530
ISDC#3	Hydraulic Model	1	\$22,050
ISDC#4	Master Flow Meters at the WTP	1	\$24,909
ISDC#5	20-inch Raw Valves	1	\$89,319
ISDC#6	New Raw Water Main from the Muldraugh WTP to the 16-inch Raw Water Line Between Otter Creek PS and Central WTP	1	\$1,946,203

Project No.	Project Name	Project Completion (Contract Year)	Project Cost
ISDC#7	Otter Creek Pump Station	1	\$117,449
ISDC#8	Muldraugh HLPS	1	\$108,234
ISDC#9	Central WTP	1	\$64,202
ISDC#10	Central WTP Clear Well	1	\$1,825,443
ISDC#11	Fire Hydrants	4	\$1,957,620
ISDC#12	THIS ITEM PURPOSEFULLY LEFT BLANK	-----	-----
ISDC#13	Water Storage Tank No. 5	1	\$439,499
ISDC#14	Automatic Transfer Switches	2	\$248,658
ISDC#15	Pipe between Otter Creek PS and Central WTP	2	\$1,773,822
ISDC#16	Water Storage Tank No. 6	2	\$395,981
ISDC#17	Water Storage Tank No. 8	2	\$395,981
ISDC#18	Water Storage Tank No. 7	3	\$199,980
ISDC#19	SCADA System	3	\$335,784
ISDC#20	Distribution System Pipe and Valves	3	\$1,113,332
ISDC#21	Distribution System Pipe and Valves	3	\$3,034,103
ISDC#22	Distribution System Pipe and Valves	3	\$188,402
ISDC#23	Distribution System Pipe and Valves	4	\$6,618,777
ISDC#24	Water Tank No. 1	3	\$24,398
ISDC#25	Water Tank No. 2	3	\$24,398
ISDC#26	Water Tank No. 4	3	\$45,636
ISDC#27	West Point Well Field	1	\$63,891
ISDC#28	Van Voorhis Pump Station	1	\$8,776
ISDC#29	Decommission Muldraugh WTP	5	\$496,146
ISDC#30	Muldraugh WTP Operation Year 1	1	\$999,495
ISDC#31	Muldraugh WTP Operation Year 2	2	\$997,297
ISDC#32	Muldraugh WTP Operation Year 3	3	\$997,297
ISDC#33	Muldraugh WTP Operation Year 4	4	\$997,297
ISDC#34	Muldraugh WTP Operation Year 5	5	\$997,297

**End of Section B**



## Section C

# Description/Specifications/Work Statement

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## C.1 Order of Precedence

In accordance with FAR 52.215-8, any inconsistency in this contract shall be resolved by giving precedence in the following order: (a) The Schedule (excluding the specifications) and any Preamble; (b) Representations and other instructions; (c) Contract clauses; (d) Other documents, exhibits, and attachments; and (e) The specifications.

Additionally, the terms and conditions of Sections A through K, including the Section J Attachments, shall take precedence over any inconsistent provisions contained within portions of the Contractor's proposal incorporated in or made Exhibits to the Contract. Exceptions not specifically identified by the Contractor in its proposal in accordance with the requirements of Section L of the solicitation and expressly accepted by the Contracting Officer in writing shall not be deemed to be part of the Contract and shall not be binding on the Government.

## C.2 Scope and Purpose

### C.2.1 General

The Government is conveying the utility systems identified in this contract. Subsequent to the conveyance of the utility systems, the Government will acquire the potable water utility services from the Contractor as the new owner of the system. The conveyance of the utility system and the acquisition of utility services are both subject to the terms and conditions of this contract.

### C.2.2 Privatization Guidance

The conveyance of the utility system is authorized by, and conducted under, 10 U.S.C. § 2688. The conveyance of the utility system is not an acquisition and therefore is not subject to the Federal Acquisition Regulation (FAR) and its supplements. The acquisition of utility services is an acquisition and will be governed by the FAR and its supplements.

### C.2.3 Program Goal

The desired goal of the conveyance is to transfer all rights, title, and interest of the United States in and to the potable water utility system on Fort Knox, KY. The conveyance is documented by the Bill of Sale. The utility system being sold includes equipment, fixtures, structures, and other improvements utilized in connection with the utility system, which will be more specifically described in the Bill of Sale. The divestiture does not include the real property upon, under, or around the utility system. The utility system being sold is as identified in the Bill of Sale and does not include any other property.

### C.2.4 Utility Service Providers

Services provided shall comply with all applicable Federal, state, and local laws and regulations, as they may be amended from time to time, including those requirements relating to health, safety, and the environment. The Contractor shall modify its service practice as necessary to accomplish such compliance.

If a change in the service requirement necessitated by compliance with later imposed/modified laws and regulations constitutes reasonable cause for an adjustment to the service charge, the charge will be adjusted in accordance with FAR 52.241-7 *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

## **C.2.5 Utility System**

Attachment JA1, *Potable Water Utility System*, is provided as an attachment to this contract, and is herein referred to as a “utility-specific attachment.” The utility-specific attachment provides details specific to the Fort Knox potable water utility system and utility service requirements.

## **C.3 Requirement**

### **C.3.1 Utility Service Requirement**

Subject to the terms and conditions in this contract, the Contractor shall furnish all facilities, labor, materials, tools, and equipment necessary to provide potable water utility service.

The Contractor shall manage, control, and perform operations, maintenance, repairs, replacements, expansions, and incidentals on its utility system so as to provide reliable and dependable utility service to each Government or tenant connection within the service area (see Section C.4, *Service Area*) 24 hours each and every day. The Contractor shall be responsible for providing capital investments and all other resources required to own, maintain, and operate its utility system in a safe and reliable condition, and to meet all the requirements listed herein.

The Contractor shall obtain and maintain current any and all licenses, permits, or certifications necessary to own, maintain, and operate its potable water utility system. Access to the potable water utility system will be as specified in Section C.6, *Access to the Utility System*.

### **C.3.2 Performance Standards**

Unless otherwise provided for in this contract, the Contractor shall provide utility service in accordance with industry-standard construction, operations, maintenance, management, environmental, safety, and other relevant standards, that apply to similarly situated utility service providers serving customers whose service characteristics are comparable to the service characteristics of the Installation.

The Contractor shall comply with all applicable Federal, State, and local laws/regulations and Installation specific requirements, as defined in Attachment JA1, in performing its duties under the contract. The Contractor has identified and incorporated standards and specifications in its Operations and Maintenance/Quality Management Plan, provided as Exhibit JE3 to this contract.

### **C.3.3 Sub-Metering**

The Contractor shall be responsible for reading, maintaining, and calibrating all sub-meters on the privatized utility system. The Government will use sub-meters for internal installation billing purposes and for commodity management and energy conservation purposes.

Meter reading reports shall be submitted to the recipient identified in Attachment JA1.

All costs for providing, installing, reading, reporting, and maintaining the meters shall be the responsibility of the Contractor. Newly installed meters shall be in accordance with Installation metering requirements identified in Attachment JA1.

#### **C.3.3.1 Future Sub-Meters**

The Contractor shall provide, install, read, maintain, and calibrate sub-meters requested by the Government for any purpose throughout the contract period. Installation of and responsibility for future sub-meters (not on the system at the time of sale or identified for installation as part of the service contract) may constitute reasonable cause for a service charge adjustment in accordance with FAR 52.241-7, *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

#### **C.3.3.2 Sub-Meter Calibration**

The frequency and accuracy of sub-meter calibration shall be in accordance with the manufacturer’s recommendations and applicable regulations that govern meter calibration.

### **C.3.4 Energy and Water Efficiencies and Conservation**

The Contractor shall strive to provide energy- and water-efficient systems. The Government has an established program for conducting and implementing energy- and water-saving and conservation projects to reduce utility usage and costs. Some of these have resulted in the Government entering into long-term financing arrangements with non-government entities. The utility-specific Attachment JA1 identifies any such energy- and water-savings projects that are currently in place for the potable water utility system.

The Contractor agrees to take no action that will negatively impact these projects without prior approval of the Contracting Officer. Additionally, the Government reserves the ability to enter into any future energy- and water-savings projects with the goal of reducing Government costs. The Contractor will facilitate the implementation of any such future energy and water savings projects. Projects implemented by the Government that will require changes in the privatized system shall be coordinated between the parties prior to implementation.

The Contractor is encouraged to propose SDCs/Upgrades to the Government that will increase the overall efficiency of the utility system. Efficiency SDCs/Upgrades shall be proposed to the Government in accordance with Section C.11, *SDCs/Upgrades/Connections and Renewals and Replacements*. The Government may consider cost-savings sharing and incentives either through service charge adjustments or lump-sum payments.

### **C.3.5 Energy/Water Commodity Supply**

Water commodity supply is not included in this contract, even if water production facilities are included as part of the system to be conveyed. The Government retains the right to procure or supply water that will be transported on the system covered by this contract from any source, including the Contractor, if the Contractor proposes to supply it.

The Government will remain the customer of record and retain ownership of all commodities transported and distributed through the Contractor-owned systems unless otherwise provided in the contract.

## **C.4 Service Area**

The service area is defined as all areas within the Fort Knox boundaries and any other facilities and property boundaries under the control of the Installation as defined in Attachment JA1. Within the service area and upon the Government's request, the Contractor shall provide utility service to all existing and new customers. At any time, by written order, the Contracting Officer may designate any location within the service area where utility service under this contract shall commence or be discontinued. Any service charge adjustment as a result of these actions will be in accordance with FAR 52.241-7, *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

### **C.4.1 Use of Distribution Systems to Serve Areas Out-side the Installation Service Area**

The Contractor may use the utility infrastructure on the Installation to serve or benefit areas or customers outside the service area(s) only with concurrence of the Government, which may be withheld for any reason. Compensation to the Government will be negotiated. In no way shall service to off-installation customers degrade or hinder reliable service, or create unhealthy, unsafe or unacceptable outages to the Government's facilities.

### **C.4.2 Joint Use**

#### **C.4.2.1 Government Use**

The Government may have property and equipment installed on or attached to poles, conduits, pipes, duct banks, towers, buildings, and other portions of the utility systems to be transferred. The Government reserves the right to continue to use the property to be transferred for this purpose, to enter on the transferred property to maintain, repair, operate, upgrade, and replace its property and equipment, and to install new government equipment. Any upgrade or replacement of such installed or attached property shall be made only after

coordinating with the Contractor. Any upgrade or replacement of such installed or attached property shall comply with all applicable safety regulations.

The Government will not pay attachment fees. However, costs of any make-ready work related to safety requirements may be recovered under the contract. All attachments will be coordinated with the Contractor prior to the attachment.

#### **C.4.2.2 Commercial Use**

**C.4.2.2.1** The Contractor shall enter into joint use agreements with the Installation's telephone company, cable television company and other service providers in accordance with applicable law and regulation.

**C.4.2.2.2** Certain system components may have third party equipment attached pursuant to a lease or other contractual arrangement between the third party and the Installation. The Contractor will take ownership of these components subject to such lease(s), with any revenue continuing to accrue to the Installation until the lease(s) expire or are otherwise terminated at the discretion of the Installation. Any new lease(s) or other arrangements between the Contractor and any third party to permit attachment of third party equipment to system components must be approved by the Installation and may be subject to revenue sharing, all of which must be negotiated with the Installation under separate agreement. The Government will not pay for attachment fees. All attachments will be coordinated with the Contractor prior to the attachment.

### **C.5 Utility System Ownership, Personnel, and Security**

#### **C.5.1 Utility System Ownership**

##### **C.5.1.1 Transfer of Title**

A general description of the utility system assets to be transferred is included in Attachment JA1. Prior to the transfer of title, such facilities shall continue to be owned by the Government. Transfer of title shall be accomplished by Bill of Sale. The Bill of Sale shall provide the complete list of all assets to be sold.

The parties shall prepare and execute such additional documents as may be necessary to implement the ownership transfer.

##### **C.5.1.2 Tools, Vehicles, and Equipment**

Unless listed in the final Bill of Sale, government-owned tools, vehicles, and equipment used for system operations and maintenance that are not a physical part of the utility system will remain the property of the Government.

##### **C.5.1.3 Placement of Utility System**

The Contractor shall comply with requests from the Installation regarding the placement of new or renewal utility systems, unless to do so would cause the Contractor to violate any applicable law or regulation or would be inconsistent with sound utility operational practices. Requests for placement, which differ from normal utility practice, may be reimbursable under FAR 52.241-7, *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

##### **C.5.1.4 Contractor Facilities**

The Contractor, at its expense, shall acquire, furnish, install, and operate and maintain all facilities required to provide the utility service hereunder. The Contractor shall have title to all facilities it builds and equipment it installs under this contract, except as otherwise specifically provided. If available and at the Government's sole discretion, the Contractor may be permitted to either build or lease office space, maintenance shops, materials storage/staging areas or other facilities on the installation.

The Contractor will be responsible for acquiring all utilities, janitorial services, building maintenance, and ground maintenance for these facilities. The Government may, if its capabilities permit, consent to provide certain of these services to the Contractor on a reimbursable basis.

New construction or remodeling existing facilities shall comply with the Installation's architectural standards and be fully coordinated with the Installation prior to beginning construction.

### **C.5.1.5 Record Drawings**

The Contractor shall maintain record drawings for all existing and new facilities installed by the Contractor within the service area. Upon reasonable request and with reasonable notice, the Government may use and copy such drawings. The Contractor shall provide available drawings to the Government in the form of CAD-CAM disks using the latest release software compatible with Government systems at no cost to the Government. The Contractor will also provide information to allow for updates to the Installation Geographical Information System (GIS). The Contractor shall identify changes to and update utility system maps in both hard copy (full size) and electronic media formats to insure delineation of all Contractor facilities within one year of contract award and annually thereafter as necessary.

### **C.5.1.6 Disposition of Removed or Salvaged Materials**

The removal and disposition of facilities and materials that are not used and useful for the purpose of providing utility service shall be the responsibility of the Contractor. The Contractor shall notify the Contracting Officer when removing hazardous substances in accordance with Section H.9, *Hazardous Substances* and the Site Specifications outlined in Attachment JA1. Abandoned plant items not identified on existing maps but found during operations shall be documented on the drawings. In order to prevent hazardous conditions, the Contractor shall be responsible for ensuring that no interconnections exist between abandoned and utilized facilities.

### **C.5.1.7 Liens and Mortgages**

The Contractor shall not engage in any financing or other transaction creating any mortgage upon any government property, place or suffer to be placed upon government property any lien or other encumbrance, or suffer any levy or attachment to be made on the Contractor's interest in any easement or right of access to government property. For the purposes of the clause, property shall include but not be limited to fee, lease, license, personal property or any authorized government use or interest in property.

## **C.5.2 Personnel**

For purposes of this paragraph, the term "personnel" or "employee(s)" refer to any person performing work related to this contract, including but not limited to, the Contractor's employees, agents, representatives, or subcontractors. The Contractor shall not permit any personnel to work under this contract if such person is identified to the Contractor as a potential threat to the health, safety, security, general well being, or operational mission of the Installation or population. All personnel will comply with installation security, health and safety conditions.

The Contractor will allow the Installation to review on a continuing basis a listing of all personnel engaged in providing utility service to the Installation. The listing will provide sufficient information on all personnel to allow precise Government identification of each individual.

### **C.5.2.1 Speaking, Reading, and Understanding English**

Where reading, understanding, and discussing environmental, health, and safety warnings are an integral part of an employee's duties, that employee shall be able to understand, read, write, and speak the English language fluently. All personnel that interface with customers shall be able to speak and understand the English language fluently.

### **C.5.2.2 Personnel Appearance and Identification**

The Contractor's personnel shall present a neat appearance and be readily recognized as Contractor personnel. If required by the Installation, the Contractor shall ensure each employee obtains from Security Forces an identification card that shall include at a minimum the employee's name, photograph, and Contractor's name. Each employee shall follow established Installation procedures for displaying the identification card while within the boundaries of the Installation.

### **C.5.2.3 Employee Certification**

The Contractor shall ensure that employees meet all applicable federal, state, local, and installation certification, licensing, and medical requirements to perform all assigned tasks and functions as defined in this contract.

### **C.5.2.4 Installation's Rules Apply to Contractor**

Rules, regulations, direction, and requirements issued by the Installation, or other command authorities, under their responsibility for good order, administration, and security, including Site Specifications as outlined in Attachment JA1, apply to all personnel who enter the Installation or who travel by Government transportation.

### **C.5.2.5 National Agency Check**

The Contractor shall provide sufficient information to obtain complete and favorable National Agency Check (NAC) investigations for its personnel for unescorted entrance into restricted areas on the Installation. Normal access to the Installation shall be in accordance with Section C.6, *Access to the Utility System*. The Contractor shall justify to the Installation Security Forces requests for NAC on Contractor personnel requiring unescorted entry into restricted areas. Final approval for unescorted entry into restricted areas rests with the Installation Commander.

### **C.5.2.6 Controlled Access Areas**

The Contractor shall apply for personnel security clearances required for performance after the contract is awarded. Personnel requiring access to secured areas or restricted areas under the control of the Installation shall comply with applicable regulations. The Government reserves the right to terminate the entry of any employee upon disclosure of information that indicates the individual's continued entry to the Installation is not in the best interests of national security. Additionally, violation of, or deviation from, the established security procedures by the Contractor's personnel may result in the confiscation of identification media and the denial of future entry to the Installation.

### **C.5.2.7 Conflict of Interest**

The Contractor shall not knowingly employ any person who is a U.S. Government employee if employing that person would create a conflict of interest. Additionally, the Contractor shall not knowingly employ any person who is an employee of the Government, either military or civilian, unless such person seeks and receives written approval according to DOD 5500.7-R, Joint Ethics Regulations (JER).

### **C.5.2.8 Employment of Military Personnel**

The Contractor is cautioned that off-duty active military personnel hired under this contract may be subject to permanent change of station, changing duty hours, or deployment. Military reservists and National Guard members may be subject to recall to active duty. The abrupt absence of these personnel could adversely affect the Contractor's ability to perform. However, their absence at any time shall not constitute an excuse for nonperformance under this contract.

### **C.5.2.9 Employment of Quality Assurance Representative Personnel**

The Contractor is prohibited from employing Quality Assurance Representatives (QAR) whom the Contractor knows or should know are responsible for monitoring any contracts/subcontracts awarded to the Contractor.

## **C.5.3 Contractor Vehicles**

All Contractor vehicles shall be readily identifiable. Identification shall include displaying Contractor name in a clear and unobstructed location on the vehicle.

## **C.5.4 Contractor Radios**

Prior to operating communications devices, including but not limited to two-way, portable, or land mobile devices, on the Installation, the Contractor shall obtain approval of the Installation Communication Group by

requesting an available clear frequency. The Contractor shall follow all Installation procedures for operating radios on Fort Knox in accordance with DFARS 252.235-7003, *Frequency Authorization*.

### **C.5.5 Contractor Advertising**

The Contractor shall not place or display (nor permit a third party to place or display) advertising of any kind on government property or on the Contractor's property located on the Installation. Reasonable markings on the Contractor's property, including vehicles, for the purpose of identifying it as the Contractor's property are permitted.

## **C.6 Access to the Utility System**

### **C.6.1 General**

The Contractor shall have reasonable access to the Installation (Premises) to accomplish its duties and responsibilities under the Contract. Such access is subject to the general supervision and control of the Installation's Commander and his duly authorized representatives. In accepting the rights, privileges, and obligations established hereunder, the Contractor recognizes that the Installation serves the national defense and that the Government will not permit the operation, construction, installation, repair, and maintenance of a utility system and the provision of utility services to interfere with the Installation's military mission.

Fort Knox is an operating military installation that is closed to the public and is subject to the provisions of the Internal Security Act of 1950, 50 U.S.C. § 797, and of 18 U.S.C. § 1382. Access to the Installation is subject to the control of its Installation Commander and is governed by such regulations and orders as have been lawfully promulgated or approved by the Secretary of Defense or by any designated military commander. Any access granted to the Contractor, its officers, employees, Contractors of any tier, agents, and invitees is subject to such regulations and orders. Access is subject to all regulations and orders currently promulgated or which may be promulgated by lawful authority as well as all other conditions contained herein. Such regulations and orders may, by way of example and not by way of limitation, include restrictions on who may enter, how many may enter at any one time, when they may enter, and what areas of the Installation they may visit, as well as requirements for background investigations, including those for security clearances, of those entering. The Contractor is responsible for the actions of its officers, employees, Contractors of any tier, agents, and invitees while on the Installation and acting under this contract.

### **C.6.2 Easement**

Access to the Installation and the utility system shall be in accordance with the Easement (Reference JR8). If a utility is denied access to the system, due to circumstances beyond its control or negligence, its obligations and liabilities under this Agreement will be suspended if such a deficient condition would not have occurred but for its inability to gain access to the Installation and was not the result of previous deficiencies in performance.

## **C.7 Response to Service Interruptions/Contingencies and Catastrophes**

The Contractor shall employ sound utility practices to ensure continuous, dependable, and reliable utility service and to minimize the scope and length of any service disruption. Installation specific response time requirements for Fort Knox are identified in Attachment JA1. The Contractor's Service Interruption/Contingency and Catastrophic Loss Plan is provided as Exhibit JE2 to this contract.

The Contractor shall maintain and update the Service Interruption/Contingency and Catastrophic Loss Plan as necessary and adhere to its requirements throughout the contract term. It shall not be materially altered without the Government's prior consent. However, the Contractor need not seek the Government's consent prior to immaterial alterations in such procedures.

In the event the Installation has an Emergency Restoration Plan that prioritizes service restoration, the Contractor shall adhere to the priority list established by the plan.

## **C.8 Repair Response Procedures**

The Contractor shall identify to the Government and implement clearly defined procedures by which Installation personnel can submit service requests to the Contractor. The Contractor also shall clearly identify any difference in service request procedures that apply to routine, urgent, and emergency matters. The Government will be responsible for disseminating such procedures within the Installation. The Contractor shall provide a local or toll-free telephone number by which it can be contacted 24 hours a day, 7 days a week, for service requests. This number will connect the Government to a local dispatcher or equivalent supervisor capable of estimating Contractor repair crew arrival time. All calls shall be centrally placed by designated Government representatives. The Government will assign “emergency,” “urgent,” or “routine” designations when contacting the Contractor with a service call in accordance with the defined procedures.

The Contractor shall maintain records of all service request calls, documenting the time of the call, time of service response, cause of request, and action taken (including time and date completed). Such records shall be retained for 2 years, and may be reviewed by the Contracting Officer upon reasonable notice.

If the request affects building operations, the Contractor shall coordinate all work with the person responsible for the building or facility. The Government will provide the Contractor with a list of Government representatives and the buildings or facilities for which they are responsible. Emergency service requests submitted to the Contractor, or emergencies identified by the Contractor, shall be reported immediately to the designated Government representative.

### **C.8.1 Notification Procedures**

The Contractor shall have in place mechanisms, means, or procedures by which Installation personnel can submit service requests to the Contractor. If there is an order of precedence of phone numbers for Government personnel to call, the Contractor shall determine and clearly define that precedence. The Contractor also shall clearly identify any difference in service request procedures that apply to routine, urgent, and emergency matters.

The Government will be responsible for disseminating such procedures within the Installation. In addition, the Contractor shall provide to the Contracting Officer the name of the local Project Manager or other responsible person and an alternate with after-hours contacts’ telephone numbers.

### **C.8.2 Emergency Service Requests**

An emergency condition is one that is detrimental to the mission of the base, significantly impacts operational effectiveness, or compromises the safety, health, and life of personnel. Such requests shall include, but are not necessarily limited to, electrical outages, downed power lines, water outages, broken water mains, natural gas outages, natural gas leaks, or wastewater main overflows. Specific service requirements are identified in Attachment JA1.3.24.

### **C.8.3 Urgent Service Requests**

An urgent condition is not an emergency but significantly hinders performance of Installation activities and requires elimination of potential fire, health, and safety hazards (for example, environmental controls, non-emergency utility leaks, special requests and events, plumbing problems, downgraded emergency responses, etc.). Specific service requirements are identified in Attachment JA1.3.24.

### **C.8.4 Routine Service Requests**

A routine service request is one that does not pose an immediate threat to public health, safety, or property, or to a mission or operation conducted at the Installation. Such requests may include, but are not necessarily



limited to requests for new or relocated service connections. Specific service requirements are identified in Attachment JA1.3.24.

## **C.9 Coordination of Work**

### **C.9.1 Routine Work**

Routine work, such as the scheduled repair, replacement, or removal of system components that require service interruption, shall be coordinated with the Contracting Officer's Representative at least 2 weeks prior to commencing work to ensure minimal impact to the mission and operations. The Contractor and Government shall each provide a single point of contact for coordination.

Notification shall include date, time of outage, a list of buildings that will be affected and the estimated time until the service will be restored. The Contractor shall also notify building occupants in advance of outages and post street signboards.

The Installation reserves the right to require the Contractor to postpone work requiring service interruption if such interruption might adversely affect the Installation's missions and operations. If an interruption is postponed, the parties shall coordinate a mutually acceptable alternate time for the scheduled service interruption. Scheduled utility outages may be required after normal working hours to lessen the inconvenience to Installation mission critical functions.

### **C.9.2 Routine, Urgent, and Emergency Service Requests**

Any routine, urgent, or emergency service request by Government personnel shall be reported to the Contractor's service request line or point of contact. Emergency service requests to the Contractor or emergencies identified by the Contractor shall be identified immediately to the Contracting Officer's Representative.

#### **C.9.2.1.Scheduled Utility Service Interruptions**

The Installation reserves the right to reschedule Contractor work requiring service interruption at any time if such interruption might materially adversely affect the Installation's missions and operations. If an interruption is rescheduled, the parties shall coordinate a mutually acceptable alternative time for the scheduled service interruption. Only designated Government service representatives may request utility service interruption. The Contractor will refer any other service interruption requests to designated Government representatives.

### **C.9.3 Construction and Restoration of Site**

The Contractor will ensure that proper temporary facilities and controls are in place during any construction and other work it performs that could affect installation activities. All work must include temporary facilities and control measures to facilitate the flow of vehicular, emergency, and pedestrian traffic to include the following: high-intensity reflectorized signs, barricades, temporary sidewalks, fencing, and traffic cones. Once work is complete, the Contractor will restore the area to an equal or better condition. Site restoration requires proper waste cleanup, removal, and disposal; replacement of cracked pavement and sidewalks; proper repair and sealing of utility cuts both on improved and unimproved land and roadways; replacement of loam or topsoil; top dressing by hand; lawn bed preparation; hydro air seeding, mulch, fertilizer and shrub replacement.

#### **C.9.3.1.Excavation Permits**

The Contractor shall obtain a written excavation permit from the Contracting Officer or Contracting Officer designated representative before commencing any digging or excavation on the Installation. The excavation permit will contain requirements normally applied to similar excavation work on the Installation. The Contracting Officer or designated representative will notify the Contractor as to reasonable time periods for applying for an excavation permit.

### **C.9.3.2. Underground Utility Location**

At the request of the Installation, the Contractor shall be responsible for locating underground utility system components in support of the Installation's excavation permit process. Requests for line location shall be responded to within three (3) working days of the request at no additional cost to the Government.

### **C.9.4 Working Hours**

Normal working hours shall be Monday-Friday (0730-1600). All routine work shall be accomplished during normal working hours. The Government must approve deviations from these working hours.

### **C.9.5 Coordination Meetings**

The Contractor shall be available for meetings as reasonably required by the Contracting Officer.

### **C.9.6 Exercises and Crisis Situations Requiring Utility Support**

The Contractor shall respond to Installation emergency and crisis situations and exercises that require utility support. The Contractor shall respond to these events with qualified personnel and equipment as soon as possible after notification. Participation may be in a simulated capacity equal to other participants. In no case will response be longer than those requirements listed in Section C.8.2, *Emergency Service Requests*. The Contractor shall advise and assist the on-scene commander until the event is terminated. Extra work effort under these circumstances may entitle the Contractor to equitable adjustment in accordance with FAR 52.241-7, *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

### **C.9.7 Emergency Operation**

The Government reserves the right to perform or supplement performance of contract functions with Government designated personnel during periods of disaster and emergency that affects the Installation and prevents the Contractor from fulfilling its obligations under the contract. The Government shall coordinate with the Contractor and obtain authorization before supplementing the Contractor's performance in these circumstances. Such authorization shall not be unreasonably withheld.

### **C.9.8 Non Performance and Abandonment**

The Government reserves the right to perform or supplement performance of contract functions with Government designated personnel if the Contractor consistently fails to perform its obligations under the contract, has been notified in writing of failure to perform its obligations, and has not cured the performance failures within a reasonable time. The Contractor shall make its facilities available for this purpose at no cost to the Government for as long as the circumstance requiring Government operation persists.

### **C.9.9 Plant Control**

After obtaining the prior permission of the Contracting Officer's Representative, the Contractor may trim or remove plants and trees that pose a potential hazard to its utility system. In those areas where the plants or trees contribute to historic or aesthetic values and trimming or removing them would be destructive of those values, the Contractor may be prohibited from trimming or removing them. In all instances, plants or trees listed as threatened or endangered under applicable federal, state, interstate, or local law will not be harmed by the activities of the Contractor.

## **C.10 Environmental Compliance**

The Contractor shall comply with all applicable environmental laws and regulations including Installation specific requirements.

### **C.10.1 Permit Compliance**

Once ownership of the utility system is transferred, the Contractor shall be the party of record for all environmental permits related to operating the system. Thereafter, the Contractor shall be responsible for obtaining any new or revised permits needed to operate and maintain the utility system. The Government shall remain the party of record and retain responsibility for any applicable permits prior to the transfer of ownership, as defined by Section C.13, *Transition Plan*, and for those permits that are not transferable.

### **C.10.2 Spill Contingencies**

The Contractor shall adopt the procedures of the Installation Spill Contingency Plan or shall submit to the Contracting Officer for review and acceptance a Contractor developed Spill Contingency Plan. A Contractor-developed plan shall be prepared in accordance with the National Response Team's Integrated Contingency Plan Guidance (<http://www.epa.gov/emergencies/guidance.htm#oneplan>).

### **C.10.3 Work in Environmentally Sensitive Areas**

The Contractor shall comply with the Installation procedures and standards for work in and around environmentally sensitive or contaminated property. Prior to accessing any environmentally sensitive areas, the Contractor shall coordinate with the designated Government Representative.

### **C.10.4 Environmental Impact Assessments**

Modification of the utility system on Fort Knox may require an environmental impact assessment in accordance with environmental impact analysis process applicable to the Installation. The Contractor shall be responsible for preparing all documents necessary for conducting this assessment in coordination with the Government.

### **C.10.5 Hazardous Material and Waste Minimization**

Hazardous materials used in utility system operation and maintenance shall be handled in accordance with applicable laws and regulations. Appropriate Material Safety Data Sheets (MSDS) shall accompany all hazardous materials used on the Installation. The Contractor shall submit copies of MSDS to the COR, and retain a copy of each MSDS on-site. The Contractor shall maintain a viable hazardous waste minimization program that includes making every effort to identify non-hazardous or less hazardous materials than those currently in use and recycling versus disposing of consumable wastes.

### **C.10.6 Environmental Response**

The Contractor shall be responsible for accomplishing at no cost to the Government any environmental response required as a result of the Contractor's activities. The Contractor may be required to perform, but shall not be responsible for the cost of, remediation for pre-existing environmental conditions. Unexploded ordnance shall be considered a pre-existing environmental condition.

### **C.10.7 Asbestos and Lead-based Paint**

The Contractor will not make any improvements or engage in any construction on government property which contain asbestos-containing material (ACM), without prior approval of the Contracting Officer; any such improvements or construction shall be done in compliance with all applicable Federal, state, interstate, and local laws and regulations governing ACM. The Contractor is responsible for monitoring the condition of its property containing ACM on any portion of government property for deterioration or damage. The Contractor is responsible, at its expense, for remediation of any ACM contained on or in its property which is disturbed or damaged by the Contractor or is deteriorated and of any ACM on government property which is disturbed or damaged by the Contractor during the term of the contract.

The Contractor will test any painted surface to be affected by any of its operation, construction, installation, repair, or maintenance activities to determine if the paint is lead-based and will handle that surface in compliance with all applicable laws and regulations and at the Contractor's expense.

### **C.10.8 Environmental Restoration Program**

If the Installation has not been listed on the National Priorities List (NPL) under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, at the time of contract award, but is listed subsequent to the award of this contract, the Government will provide the Contractor with a copy of any Federal Facility Agreement (FFA) that is entered into between the Government and the U.S. Environmental Protection Agency (USEPA), along with any amendments to the FFA when they become effective.

If the Installation has been listed on the NPL at the time of the award of this Contract but no FFA has been entered into, the Government will provide the Contractor with a copy of any FFA subsequently entered into along with any amendments to the FFA when they become effective.

If the Installation has been listed on the NPL at the time of award of this Contract and an FFA has been entered into, the Contractor acknowledges that the Government has provided it with a copy of the FFA, with current amendments. The Government will provide the Contractor with a copy of any subsequent amendments thereto.

The Contractor agrees that should any conflict arise between the terms of such agreement as it presently exists, or may be amended or entered into, and the provisions of this Contract, the provisions of the FFA will take precedence.

## **C.11 SDCs/Upgrades/Connections and Renewals and Replacements**

### **C.11.1 Due Diligence Adjustment**

The Contractor shall be responsible for all required SDC/Upgrades and renewals and replacements to maintain and operate the utility system in a safe, reliable condition, and to meet the requirements of this contract.

The Contract is based on the inventory listed in Attachment JA1. If during the Joint Inventory that takes place during the Transition Period between contract award and contract start date, the Contractor identifies additional inventory not listed in Attachment JA1, the Contractor may submit a request for an equitable adjustment to the Contracting Officer. If the Contractor determines that the inventory listed in Attachment JA1 is overstated, the Contractor shall report the extent of the overstatement to the Contracting Officer, who will determine an equitable adjustment as appropriate.

### **C.11.2 SDCs/Upgrades/Connections and Renewals and Replacements**

#### **C.11.2.1 Initial System Deficiency Corrections**

Initial System Deficiency Corrections (ISDCs) are those necessary to reach the standards typically maintained by the Contractor on its utility systems, so that subsequent renewals and replacements will permit the long-term safe and reliable operation of the utility system. All ISDCs are listed in Exhibit JE4. All ISDCs shall be complete within 5 years of the contract start date. The Government reserves the right to buy down a previously amortized ISDC at no penalty to the Government.

### **C.11.2.2 Future System Deficiency Corrections/Upgrades/Connection Charges**

Future System Deficiency Corrections (SDCs)/Upgrades/Connection Charges are investments in the utility system resulting from changes in service requirements, laws, or regulations. Future SDCs/Upgrades/Connection Charges may also include the implementation of new technologies.

### **C.11.2.3 Renewals and Replacements**

Renewals and replacements are investments in the utility system to renew or replace system components that fail or reach the end of their useful life. Renewals and replacements identified in Exhibit JE4, *Initial System Deficiency Corrections and Initial Renewals and Replacements Plan*, will be paid in accordance with Section B.3, *Schedule*.

### **C.11.2.4 Annual System Deficiency Corrections/Upgrades and Renewals and Replacements Plan**

The Contractor shall prepare and submit an Annual SDC/Upgrades and Renewals and Replacements Plan to identify SDC/Upgrades and major renewals and replacements the Contractor intends to accomplish. The Annual SDC/Upgrades and Renewals and Replacement Plan shall contain a proposed SDC/Upgrade list for each of the next 5 years. The plan shall be structured as follows:

- Year 1 shall include detailed SDC/Upgrade information including site plans, cost estimates, SDC/Upgrade schedules, and an analysis of the impact of construction on Installation operations and the environment, and shall address safety requirements.
- Years 2-5 shall include SDC/Upgrade lists with SDC/Upgrade descriptions, order-of-magnitude estimates, and proposed site plans.

Unless the parties agree in writing to an alternate date, the first Annual SDC/Upgrades and Renewals and Replacements Plan shall be submitted no later than **January 31** of the first full fiscal year following contract award. Thereafter, the plan shall be submitted no later than **January 31** of each year. The Plan shall be submitted to the Government representatives designated in Section G.

### **C.11.2.5 SDCs/Upgrades**

The Contractor may propose SDC/Upgrades in the Annual SDC/Upgrade and Renewal and Replacement Plan (Future SDC/Upgrades). The Government reserves the right to determine at its discretion whether it will pay for any portion of proposed SDC/Upgrades. Future SDC/Upgrades required to comply with requirements and standards imposed by law that have changed during the contract term will be paid subject to the availability of funds. Approved SDC/Upgrades and improvements identified in the SDC/Upgrades and Renewals and Replacements Plan will be paid, in accordance with G.3, *Utility Service Charge Adjustment*, and B.3, *Schedule*, when accomplished. The Government reserves the right to pay for any SDC/Upgrade as a lump-sum payment rather than by amortizing the SDC/Upgrade costs.

### **C.11.2.6 Requirements and Standards**

The SDC/Upgrades and R&R Plan shall include an assessment of any new or revised standards and clearly address planned system improvements or operational changes needed to comply with such standards.

### **C.11.2.7 Anticipated Connections and Disconnections**

The SDC/Upgrades and R&R Plan shall include a list of anticipated new service connections, including a preliminary design and estimated installation costs. The Government will provide a list of new service requirements and anticipated disconnections.

### **C.11.3 Connections and Disconnections**

The Contractor shall be responsible for adding any additional service points and/or deleting any service points that are no longer required. The Contractor shall coordinate this work with the Contracting Officer's Representative.

If a connection or disconnection constitutes reasonable cause for a change in service charge, the rate will be renegotiated in accordance with FAR 52.241-7, *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

#### **C.11.3.1 Temporary Connections**

The Contractor shall extend temporary service to the Government or Contractors performing work on the Installation when requested by the Government.

The Government will identify the party responsible for reimbursing the Contractor for temporary connections or utility usage. The Contractor shall provide the following information regarding any temporary service connections:

1. Name of the temporary customer
2. Cost
3. Date of Installation
4. Expected duration of the connection
5. Description of the connection, including route and type of material
6. POC, Title and Phone Number

#### **C.11.3.2 Permanent Connections**

(a) *Charge*. In consideration of the Contractor furnishing and installing at its expense any new connecting facilities requested by the Government, the Government may pay the Contractor a mutually agreed upon connection charge. Any payment will be in a form agreed to by the parties and as permitted by applicable law. When the Government requests new connecting facilities, including work necessary to increase the capacity of existing facilities, the Contractor shall submit a detailed proposal identifying the work necessary to provide the required utility services, any proposed connection charge, and the proposed change in the monthly utility service fee that will go into effect upon completion and placement into service of the new connecting facilities.

Payment for connection charges may be made as a line item under this contract or directly by the requesting party, however, regardless of payment method, the terms and conditions of this contract shall control. As a condition precedent to final payment, the Contractor shall execute a release of any claims against the Government arising under or by the virtue of such installation. Proposed changes to the monthly utility service fee(s) must be approved in advance by the Contracting Officer, regardless of the payment vehicle utilized for the connection charge.

(b) *Ownership, operation, maintenance and repair of new facilities to be provided*. The facilities to be supplied by the Contractor under this clause, notwithstanding the payment by the Government of a connection charge, shall be and remain the property of the Contractor and shall, at all times during the life of this contract or any renewals thereof, be operated, maintained, and repaired by the Contractor at its expense. All taxes and other charges in connection therewith, together with all liability arising out of the construction, operations, maintenance, or repair of such facilities, shall be the obligation of the Contractor.

(c) *Credits*.

(1) Where the Government is part of the Contractor's general rate base and the Contractor subsequently

includes the cost of the connecting facilities in its general rate base, the Contractor agrees to allow the Government, on each monthly bill for service furnished under this contract to the service location, a credit in the form of a percentage of the amount of each such bill as rendered until the accumulation of credits shall equal the amount of such connection charge. The amount of the credit percentage shall be negotiated, but shall not be less than that provided for under the terms of any tariff filed by the Contractor or otherwise provided by the Contractor to any commercial customer, provided that the Contractor may at any time allow a credit up to 100 percent of the amount of each such bill.

(2) In the event the Contractor serves any customer other than the Government (regardless of whether the Government is being served simultaneously, intermittently, or not at all) by means of these facilities, the Contractor shall promptly notify the Government in writing. Unless otherwise agreed by the parties in writing at that time, the Contractor shall promptly credit the Government, up to 100 percent of each monthly bill, until there is refunded the amount that reflects the Government's connection costs for that portion of the facilities used in serving others.

(d) *Terminations.* Payment for and disposition of wholly or partially completed facilities upon termination of the contract shall be in accordance with the Government Repurchase Option clause of the Contract.

(FAR 52.241-9)

### **C.11.3.3 Third Party Construction**

(a) Where the Government contracts with a third party to construct new infrastructure that is intended to connect to the Contractor's system, the following terms and conditions shall apply:

(1) The Contractor will provide the Government and the third party contractor with specifications (the "Specifications") applicable under the terms of this contract for its system components and for interconnections.

(2) The Government will require the third party contractor to renovate or construct any infrastructure that will connect to the Contractor's existing systems in accordance with the Specifications.

(3) The Government will coordinate with the Contractor to ensure the existing system can accommodate any additional load requirements necessitated by the renovation/construction. Should the Contractor determine that the existing systems require upgrades to support the additional load requirements, a price for the upgrade will be negotiated in accordance with FAR 52.241-7, *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

(b) At the Government's option, the Contractor will take ownership of system components renovated or constructed by the third party contractor to the Specifications. Any adjustment to service requirements and the contract price as a result of these actions will be in accordance with FAR 52.241-7, *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

(c) The Contractor shall have the right to reasonably inspect the third party contractor's construction of system components for which the Contractor will take ownership. Inspections are among the utility services included in the monthly utility service charge.

(d) If third party constructed system components are not built to the Specifications, the Contractor shall identify such components and the basis for the discrepancy to the Government with specificity. The Government may direct the Contractor to perform any work required to bring the system into compliance with the Specifications, in which case the Contractor will be compensated in accordance with FAR 52.241-7, *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

(e) In the event the parties are unable to agree on an equitable price adjustment for any of the above paragraphs, the matter shall be resolved under the provisions of this contract.

## **C.12 Operations and Maintenance/Quality Management**

The Contractor has established and shall maintain an Operations and Maintenance/Quality Management Plan (Exhibit JE3). The Plan shall ensure the provision of reliable, cost-effective, and compliant service over the term of the contract. The Contractor shall maintain and update the Plan as necessary and adhere to its requirements throughout the contract term. It shall not be materially altered without the Government's consent.

## **C.13 Transition Plan**

The Contractor's Operational Transition Plan, to be executed during the transition period, is provided as Exhibit JE5 to this contract. The Plan shall not be materially altered without the Government's consent. The transition period will begin at contract award and last four (4) months.

This transition period is intended to provide the Contractor time to perform additional due diligence functions and stand up operations in support of the contract. The Contractor will be paid for transition costs in accordance with Section B.3, *Schedule*. Transition costs are defined as all costs expended during the transition period that are necessary and reasonable to assume ownership and responsibility for the system.

## **C.14 Historical, Architectural, and Landscaping Requirements**

Cultural resources on Federal property are protected and managed by the Archaeological Resources Protection Act of 1979 and other applicable laws. The Contractor shall exercise care so as not to disturb or damage artifacts or fossils (should any be uncovered) during the excavation operations. Should the Contractor discover evidence of possible scientific, prehistoric, historic or archaeological finds within the work limit lines or adjacent to the work area, the Contractor shall immediately cease work at that location and notify the Contracting Officer. The Contractor shall provide the Contracting Officer with complete information as to the specific location and nature of the findings. Where appropriate by reason of discovery, the Contracting Officer may order delays in time of performance or changes in the work or both. If such delays or changes are ordered, an equitable adjustment will be made in accordance with the applicable clauses of the contract.

**End of Section C**



**Section D**

# **Packaging and Marking**

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None

**End of Section D**

**Section E**

# **Inspection and Acceptance**

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None

**End of Section E**

**Section F**

# Deliveries or Performance

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## F.1 Contract Term

The Contractor agrees to furnish, and the Government agrees to purchase, potable water utility services, in accordance with the terms and conditions of this contract, for a period of fifty (50) years commencing with the contract start date. If the Government terminates the contract, whether for convenience or default, the appropriate FAR termination clauses will apply.

## F.2 Commencement of Service

The Contractor shall complete all transitions and be prepared to provide utility services on the contract start date. The contract start date is defined as the expiration of the transition period and the initiation of the monthly utility service. The period of performance begins at the contract start date.

Phase I	Phase II	Phase III
Contract Award Date	Transition Period (Pre-performance)	Contract Start Date
Fixed date in time on which the utility service contract is executed.	Transition period of 4 months begins upon execution of contract award.	Transition Period ends and the Performance of Utility Services begins.

## F.3 Clauses Incorporated by Reference

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text.

The following FAR Clauses are incorporated by reference:

FAR Paragraph	Clause Title	IAW	Date
52.242-15	Stop Work Order	42.1305(b)(1)	Aug 1989
52.242-17	Government Delay of Work	42.1305(c)	Apr 1984

**End of Section F**

## Section G

# Contract Administration Data

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## G.1 Contracting Officer

The Contracting Officer is responsible for the issuance of the contract and for all actions leading up to and including award of the contract.

No oral or written statements of any person(s) other than the Contracting Officer shall modify or otherwise affect the terms, conditions, scope of work, or drawings of the contract. All modifications to the contract must be in writing by the Contracting Officer.

All contract administration shall be effected by the Contracting Officer. Communications pertaining to contract administration matters will be addressed by the Contracting Officer listed below:

Brian J. Koessel  
Defense Logistics Agency Energy  
8725 John J. Kingman Rd, Suite 3937  
Fort Belvoir, VA 22060-6222  
Phone: 703-767-1595  
E-mail: [brian.koessel@dla.mil](mailto:brian.koessel@dla.mil)

## G.2 DFARS 252.201-7000: Contracting Officer's Representative

*Contracting Officer's Representative* means an individual designated in accordance with subsection 201.602-2 of the Department of Defense FAR Supplement and authorized in writing by the Contracting Officer to perform specific technical or administrative functions.

If the Contracting Officer designates a Contracting Officer's Representative (COR), the Contractor will receive a copy of the written designation. It will specify the extent of the COR's authority to act on behalf of the Contracting Officer. The COR is not authorized to make any commitments or changes that will affect price, quality, quantity, delivery, or any other term or condition of the contract. The COR for this contract is:

Taina M. Rivera  
Defense Logistics Agency Energy  
8725 John J. Kingman Rd, Suite 3937  
Fort Belvoir, VA 22060-6222  
Phone: 703-767-8130  
E-mail: [taina.rivera@dla.mil](mailto:taina.rivera@dla.mil)

### G.3 Submission and Payment of Invoices

The Government will pay the Contractor for utility service through a monthly service charge. Subject to the provisions set forth in Section B, utility services will be billed on a monthly basis.

The Contractor shall submit invoices electronically via the internet using the Wide Area Work Flow (WAWF) system in accordance with DFARS clause, 252.232-7003, Electronic Submission of Payment Requests and Receiving Reports. The WAWF system is located at the following internet website: <https://wawf.eb.mil>. Failure to submit invoices in WAWF will be considered failure to submit a proper invoice and may result in delay of payment.

The Contractor shall prepare and submit electronic invoices to the Installation for payment by the 25<sup>th</sup> of each month for the previous month's billing period. Invoices shall be sent to the recipient and address identified in the then current version of Contract Section G.2, *Contracting Officer's Representative*, with a copy provided to the Contracting Officer identified in Section G.1.

### G.4 Utility Service Charge Adjustment

At the request of either party to this contract, and with reasonable cause, the Utility Service Charge may be renegotiated in accordance with FAR 52.241-7: *Changes in Rates or Terms and Conditions of Service for Regulated Services*. However, any such request by the Contractor for an increase in the monthly utility service charge shall be submitted to the Contracting Officer no later than **January 31**, and in conjunction with the submittal of the Annual System Deficiency Corrections and Renewals and Replacements Plan.

For future SDCs/Upgrades/Connections resulting from changed service requirements, at the request of either party to this contract, and with reasonable cause, the Utility Service Charge may be renegotiated, at any time, in accordance with FAR 52.241-7, *Changes in Rates or Terms and Conditions of Service for Regulated Services*.

Any changes to charges, terms, or conditions as a result of negotiations shall be made part of this contract by the issuance of a bilateral contract modification. The failure of the parties to agree upon any change after a reasonable period of time shall be a dispute under the Disputes clause of this contract.

### G.5 Accounting Procedures

The Contractor shall maintain records of all costs and payments associated with the provision of utility service(s) to the Installation using the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA), Federal Energy Regulatory (FERC) USOA, the Rural Utility Service (RUS) USOA, or the American Water Works Association (AWWA) USOA, or an alternative USOA acceptable to the Government. The USOA may be supplemented by the Contractor's standard accounting procedures and generally recognized accounting practices and principles, as long as such supplemental procedures and practices are consistent with the NARUC (or an accepted alternative) USOA. The standard utilized must be consistent with the written and established practices for measuring, assigning, and allocating costs.

### G.5.1 Price Adjustment for Noncompliance with Accounting Procedures

The Government shall be entitled to a price adjustment if it finds that the contract price was increased during any price redetermination actions as a result of the use of noncompliant or inconsistent accounting practices established and accepted by the Government on the part of the contractor. The amount of the adjustment shall be the difference between the contract price that was negotiated and the price that would have been negotiated had the business unit used compliant and established accounting practices that were in accordance with FERC, NARUC, RUS, or AWWA and were consistent with the contractor's written and established practices. In such cases, the Government shall be entitled to a credit or cash recovery (at the Government's option) for the amount of the increased price plus interest. The interest rate shall be computed from the date the payment by the Government until the date of repayment by the contractor. The interest rate shall be the rate specified at 26 U.S.C. 6621(a)(2).

### G.6 Accounting and Appropriation Data

ACRN AA is hereby established in the amount of \$592,518.00. Funds are provided under the Direct Fund Cite MIPR10095246. A funding breakdown of ACRN AA is provided below:

**AA 02120112011 2020000 A22TT 131079QMIS 253F 0010095246 0030001382 021001 \$592,518.00**

Funding Breakdown:

Funding for ACRN AA:	On CLIN 0051	\$592,518.00
Total Funding:		\$592,518.00
Total Funding for ACRN AA:		\$592,518.00
Remaining Funds for ACRN AA:		\$0.00

**End of Section G**

## Section H

# Special Contract Provisions

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## H.1 Mobilization and Other Contingencies

In the event of troop mobilization or other contingencies, the Contractor will be expected to promptly take whatever measures are needed to meet any new demands placed upon it, to include extended work hours and expansion of the contract work force.

Extra work effort under these circumstances may entitle the Contractor to an equitable adjustment under the Changes Clause FAR 52.243-1, *Changes – Fixed-Price, Alternate I*.

## H.2 Insurance Requirements

### H.2.1 Insurance Certificate

Contractor shall deliver or cause to be delivered upon execution of this contract (and thereafter not less than thirty (30) days prior to the expiration date of each policy furnished pursuant to this contract) to the Government a certificate of insurance evidencing the insurance required by this contract.

### H.2.2 Types of Insurance

During the entire period this contract shall be in effect, the Contractor and its subcontractors at any tier shall carry and maintain the following:

#### H.2.2.1 General Liability

Commercial general liability insurance with a minimum combined single limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate for all premises and operations, including products/completed operations. The policy shall include coverage for bodily injury, including death, and property damage arising out of the acts or omissions by or on behalf of the Contractor by any invitee or any other person or organization, or involving any owned, non-owned, or hired automotive equipment in connection with the Contractor's activities. The policy shall also include broad form property damage and shall cover independent contractors. The policy shall include coverage for hazards referred to as XCU (explosion, collapse, and underground).

#### H.2.2.2 Automobile Liability

Comprehensive automobile liability insurance with a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage. Coverage is to include owned, hired, and non-owned vehicles.

#### H.2.2.3 Workers' Compensation and Employer's liability

If and to the extent required by law, workers' compensation and employer's liability insurance. Workers compensation coverage is to be provided in compliance with applicable laws, and employer's liability limits shall be at least \$500,000.

#### H.2.2.4 Umbrella/Excess Liability Coverage

Umbrella or Excess Liability coverage in an amount of \$1,000,000 per occurrence and \$1,000,000 in the aggregate. Coverage is to be in excess of commercial general liability, automobile liability, and employer liability.

### **H.2.3 General**

All policies of insurance which this contract requires the Contractor to carry and maintain or cause to be carried or maintained pursuant to this contract shall be with insurance companies who have an A- Best VIII or higher rating. All such policies of insurance shall list the government as additional insured, except for workers compensation. Each such policy shall provide that any losses shall be payable notwithstanding any act or failure to act or negligence of Contractor or Government or any other person; provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least sixty (60) days after receipt by Government of written notice thereof; provide that the insurer shall have no right of subrogation against the Government; and be reasonably satisfactory to the Government in all other respects. In no circumstances will the Contractor be entitled to assign to any third party rights of action which the Contractor may have against the Government. The foregoing notwithstanding, any cancellation of insurance coverage based on nonpayment of the premium shall be effective upon ten (10) days' written notice to the Government. The Contractor understands and agrees that cancellation of any insurance coverage required to be carried and maintained by the Contractor under this contract will constitute a failure to comply with the terms of this contract.

### **H.2.4 Self-insurance**

The requirements to maintain insurance under Section H.2, *Insurance Requirements*, may be met by the use of self-insurance only under the following conditions and with the express prior written approval of the contracting officer:

#### **H.2.4.1 Submittals**

If the Contractor desires to self-insure, the Contractor shall submit to the Contracting Officer, in writing, a request to self-insure. The Contractor shall, when submitting any documents under this provision, apprise the Contracting Officer of any such documents that constitute confidential or proprietary business records, and mark those records accordingly. To support the determination of the Contracting Officer regarding the request, said officer may request some or all of the following information, to the extent the contractor maintains such information, on the contractors proposed self-insurance program—

- (1) A complete description of the program, including any resolution of the board of directors authorizing and adopting coverage, including types of risks, limits of coverage, assignments of safety and loss control, and legal service responsibilities;
- (2) If available, the corporate insurance manual;
- (3) The terms regarding insurance coverage for any Government property;
- (4) The contractor's latest financial statements;
- (5) Loss history and premiums history;
- (6) The means by which the self-insurance will be funded;
- (7) Claims administration policy, practices, and procedures;
- (8) The method of projecting losses; and
- (9) A disclosure of all captive insurance company and reinsurance agreements, including methods of computing cost.

#### **H.2.4.2 Programs of Self Insurance**

Programs of self-insurance covering Contractor's insurable risks, including the deductible portion of purchased insurance, may be approved by the Contracting Officer when examination of a program indicates that its application is in the Government's interest; such determination is within the sole discretion of the Government. The Government will not approve a program of self-insurance for workers' compensation in a jurisdiction where workers' compensation does not completely cover the employer's liability to employees, unless the Contractor—

- (1) Maintains an approved program of self-insurance for any employer's liability not so covered; or



- (2) Shows that the combined cost to the Government of self-insurance for workers' compensation and commercial insurance for employer's liability will not exceed the cost of covering both kinds of risk by commercial insurance.

#### **H.2.4.3 Approval**

Once the Contracting Officer has approved a program, the Contractor must submit to that official for approval any major proposed changes to the program. Any program approval may be withdrawn if the contracting officer finds that either—

- (1) Any part of a program does not comply with the requirements of this part and/or the criteria at FAR 31.205-19; or
- (2) Conditions or situations existing at the time of approval that were a basis for original approval of the program have changed to the extent that a program change is necessary.

#### **H.2.4.4 Qualifications**

To qualify for self-insurance, the contractor must demonstrate to the Government an ability to sustain the potential losses involved. In making the determination, the Contracting Officer shall consider the following factors:

- (1) The soundness of contractor's financial condition, including available lines of credit.
- (2) The geographic dispersion of assets, so that the potential of a single loss depleting all the assets is unlikely.
- (3) The history of previous losses, including frequency of occurrence and the financial impact of each loss.
- (4) The type and magnitude of risk, such as minor coverage for the deductible portion of purchased insurance or major coverage for hazardous risks.
- (5) The contractor's compliance with Federal and State laws and regulations.

### **H.3 Availability of Funds**

Nothing in this contract shall be construed to obligate funds in advance of appropriations.

### **H.4 Liability**

The Contractor shall indemnify and hold the Government harmless against any and all judgments, expenses, liabilities, claims, and charges of whatever kind or nature that may arise as a result of the activities of the Contractor, whether tortious, contractual, or other, except to the extent such claim or charge is cognizable under the Federal Tort Claims Act, or, in regard to indemnification, to the extent the Contractor is prohibited from doing so by Federal or State law.

### **H.5 Catastrophic Loss**

The Contractor shall propose how it plans to protect itself from a catastrophic loss, including but not limited to vehicular damage, vandalism, and Acts of God or a Public Enemy that significantly affect the utility system(s). The Contractor will be expected to bring the system back into service expeditiously following any such catastrophic loss or event and shall identify in its proposal how it plans to accomplish this. In its plan, the Contractor shall identify any intent to rely on the Federal Emergency Management Agency (FEMA) or other Governmental relief agencies for financial assistance in recovering from any catastrophic loss and must identify to what extent, if any, the Contractor would expect reimbursement under the Contract. If the Contractor has catastrophic insurance, the Contractor shall provide a copy of the coverage to the Contracting Officer.

## H.6 Notification of Infrastructure/Service Contract Transfer

The Contractor shall provide 120 day written notice prior to any resale, transfer, or encumbrance of the system or any components thereof. Regardless of the disposition of the Contractor's property, the utility services contract can only be transferred to another entity with the Government's consent (see 41 U.S.C. §15 and FAR 42.1204).

## H.7 Government Repurchase Option

1. The Government may, at its sole option, repurchase the privatized system at the end of the contract term or in the event the contract is terminated for the convenience of the Government or for default.
2. The Government shall exercise its repurchase option by providing written notice to the Contractor.
3. As consideration for the repurchase, the Government shall pay the Contractor the amount of the Contractor's Unrecovered Investments in the System as defined in Paragraph 8 below. The repurchase shall become effective and the System[s] shall become the property of the Government 120 days after the Government issues notice of its intent to exercise its repurchase option or on such later date as the Government may designate. Following the transfer of the System to the Government, the Contractor shall present an invoice for the repurchase price.
4. In the event of a repurchase, the system shall be transferred to the Government free of all liens and encumbrances. The Contractor and the Government shall cooperate in preparing and executing all documents required to accomplish the transfer. All information in all media (electronic, paper and otherwise) including, without limitation, books, manuals, operating procedures, specifications, databases and maps necessary or useful for operating the System shall be transferred to the Government with the System. In addition, copies of all Contractor operations and maintenance records shall be transferred to the Government with the System.
5. To the extent the Contractor receives payments for Unrecovered Investments in accordance with this clause, the Contractor shall not be entitled to equivalent payments for Unrecovered Investments under any termination, cancellation or similar provision of the Contract.
6. In the event of termination for default, the Government may offset against payments made as consideration for repurchase under this Section any damages, including excess re-procurement costs, it suffers as a consequence of the Contractor's default. The Government shall have no obligation to tender the repurchase price until the quantum of such damages is defined.
7. The Contractor shall maintain an up to date account of the current System repurchase price throughout the contract term based upon a methodology established by the Contractor and approved by the Government prior to contract award. Upon request, the Contractor shall make the account available to the Government with appropriate supporting documentation.

### 8. Definitions

A. For purposes of this Section, "Privatized System" or "System" means all fixtures and equipment used or useful for operating the utility system[s].

B. For purposes of this Section, "Unrecovered Investments" means

1. The purchase price for the utility system[s] defined in Section B of the contract but only to the extent the Contractor has paid all or a portion of the purchase price to the Government without offsetting recovery;
2. Improvements or additions to the system located on Government property and approved by the Government that are:

- a) identified in the Contractor's Initial System Deficiency Corrections and Renewal and Replacement Plan and subsequent Plans provided annually throughout the contract term ; or
- b) the result of requests for connections or connecting facilities.

However, the Contractor will only be compensated to the extent such investments have not been recovered by the Contractor in the form of payments made by or on behalf of the Government on account of such investments.

## **H.8 Foreign Object Damage Prevention Program**

The Contractor shall comply with the Installation's foreign object damage prevention program whenever it engages in activities on or around flightlines, airfields, or runways.

## **H.9 Hazardous Substances**

The Contractor, at its expense, must comply with all applicable laws on occupational safety and health, the handling and storage of hazardous materials, and the proper handling and disposal of hazardous wastes and hazardous substances generated by its activities. Responsibility for the costs of proper handling and disposal of hazardous wastes and hazardous substances is governed by applicable law. The terms hazardous materials, hazardous wastes, and hazardous substances, are defined in the Federal Water Pollution Control Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, and their implementing regulations, as they may be amended from time to time.

Any unexploded ordnance discovered on government property by the Contractor is the responsibility of the Government and will not be disturbed by the Contractor but, upon discovery, shall be immediately reported to Installation Security and the Contracting Officer's Representative.

## **H.10 Contribution in Aid of Construction (CIAC) Tax Liability**

The parties hereby recognize that a purchase by the Contractor of a Government utility system at less than fair market value may be treated as a CIAC and therefore taxable income to the Contractor. As a result, the Contractor may incur an associated income tax liability. It is the responsibility of the Contractor to ensure that all transactions undertaken under the contract are in compliance with the United States Internal Revenue Service notices, guidelines, rules, and regulations governing the CIAC tax, and particularly the notices, guidelines, rules, and regulations governing how to determine fair market value, so that there is no CIAC tax liability to the Government. The Government will have no liability for nor will it pay any CIAC tax for which the Contractor is liable, or may become liable because of the Contractor's performance under this contract.

## H.11 Differing Site Conditions

### FAR 52.236-2 -- Differing Site Conditions (Apr 1984)

(a) The Contractor shall promptly, and before the conditions are disturbed, give a written notice to the Contracting Officer of –

(1) Subsurface or latent physical conditions at the site which differ materially from those indicated in this contract; or

(2) Unknown physical conditions at the site, of an unusual nature, which differ materially from those ordinarily encountered and generally recognized as inhering in work of the character provided for in the contract.

(b) The Contracting Officer shall investigate the site conditions promptly after receiving the notice. If the conditions do materially so differ and cause an increase or decrease in the Contractor's cost of, or the time required for, performing any part of the work under this contract, whether or not changed as a result of the conditions, an equitable adjustment shall be made under this clause and the contract modified in writing accordingly.

(c) No request by the Contractor for an equitable adjustment to the contract under this clause shall be allowed, unless the Contractor has given the written notice required; provided, that the time prescribed in paragraph (a) of this clause for giving written notice may be extended by the Contracting Officer.

(d) No request by the Contractor for an equitable adjustment to the contract for differing site conditions shall be allowed if made after final payment under this contract.

(End of Clause)

**End of Section H**

## Section I

# Contract Clauses

In the event of any inconsistencies between non-mandatory FAR and DFARS clauses incorporated by reference herein or elsewhere and any clauses set forth in full text in this Contract, the full text clauses shall control.

## I.1 FAR 52.252-2 Clauses Incorporated by Reference (Feb 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at these addresses: <http://farsite.hill.af.mil> (All Clauses) and <https://www.acquisition.gov/far/> (FAR Clauses ONLY).

(End of Clause)

## I.2 FAR Clauses

The following FAR clauses are incorporated by reference:

FAR Paragraph	Clause Title	IAW	Date
52.202-1	Definitions	FAR 2.201	Jul 2004
52.203-3	Gratuities	FAR 3.202	Apr 1984
52.203-5	Covenant Against Contingent Fees	FAR 3.404	Apr 1984
52.203-6	Restrictions on Subcontractor Sales to the Government	FAR 3.503-2	Sep 2006
52.203-7	Anti-Kickback Procedures	FAR 3.502-3	Oct 2010
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity	FAR 3.104-9(a)	Jan 1997
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity	FAR 3.104-9(b)	Jan 1997
52.203-12	Limitation on Payments to Influence Certain Federal Transactions	FAR 3.808(b)	Oct 2010
52.203-13	Contractor Code of Business Ethics and Conduct	FAR 3.1004(a)	Apr 2010
52.204-4	Printed or Copied Double-Sided on Postconsumer Fiber Content Paper	FAR 4.303	May 2011
52.204-7	Central Contractor Registration	FAR 4.1105	Apr 2008
52.207-3	Right of First Refusal of Employment	FAR 7.305(c)	May 2006
52.209-6	Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment	FAR 9.409	Dec 2010
52.215-2	Audit and Records - Negotiation	FAR 15.209(b)	Oct 2010
52.215-8	Order of Precedence – Uniform Contract Format (See Section C.1 of the contract)	FAR 15.209(h)	Oct 1997

FAR Paragraph	Clause Title	IAW	Date
52.215-11	Price Reduction for Defective Certified Cost or Pricing Data—Modifications	FAR 15.408(c)	Aug 2011
52.215-13	Subcontractor Certified Cost or Pricing Data—Modifications	FAR 15.408(e)	Oct 2010
52.215-21	Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data – Modifications	FAR 15.408(m)	Oct 2010
52.219-4	Notice of Price Evaluation for HUBZone Small Business Concerns	FAR 19.1309(b)	Jan 2011
52.219-8	Utilization of Small Business Concerns	FAR 19.708(a)	Jan 2011
52.219-9	Small Business Subcontracting Plan w/ Alt II below	FAR 19.708(b)	Jan 2011
52.219-9	Alternate II	FAR 19.708(b)(1)(ii)	Oct 2001
52.219-16	Liquidated Damages—Subcontracting Plan	FAR 19.708(b)(2)	Jan 1999
52.219-25	Small Disadvantaged Business Participation Program – Disadvantaged Status and Reporting	FAR 19.1204(b)	Dec 2010
52.219-28	Post-Award Small Business Program Representation	FAR 19.309(d)	Apr 2009
52.222-1	Notice to the Government of Labor Disputes	FAR 22.103-5(a)	Feb 1997
52.222-3	Convict Labor	FAR 22.202	Jun 2003
52.222-4	Contract Work Hours and Safety Standards Act - Overtime Compensation	FAR 22.305	Jul 2005
52.222-21	Prohibition of Segregated Facilities	FAR 22.810(a)(1)	Feb 1999
52.222-26	Equal Opportunity	FAR 22.810(e)	Mar 2007
52.222-35	Equal Opportunity for Veterans	FAR 22.1310(a)(1)	Sep 2010
52.222-36	Affirmative Action for Workers with Disabilities	FAR 22.1408(a)	Oct 2010
52.222-37	Employment Reports on Veterans	FAR 22.1310(b)	Sep 2010
52.222-40	Notification of Employee Rights Under the National Labor Relations Act	FAR 22.1605	Dec 2010
52.222-50	Combating Trafficking in Persons	FAR 22.1705(a)	Feb 2009
52.222-54	Employment Eligibility Verification	FAR 22.1803	Jan 2009
52.223-5	Pollution Prevention and Right-to-Know Information	FAR 23.1005	May 2011
52.223-6	Drug-Free Workplace	FAR 23.505	May 2001
52.223-12	Refrigeration Equipment And Air Conditioners	FAR 23.804(b)	May 1995
52.228-5	Insurance-Work on a Government Installation	FAR 28.310	Jan 1997
52.229-3	Federal, State, and Local Taxes	FAR 29.401-3	Apr 2003

FAR Paragraph	Clause Title	IAW	Date
52.232-1	Payments	FAR 32.111(a)(1)	Apr 1984
52.232-8	Discounts for Prompt Payment	FAR 32.111(b)(1)	Feb 2002
52.232-11	Extras	FAR 32.111(c)(2)	Apr 1984
52.232-17	Interest	FAR 32.617(a) & (b)	Oct 2010
52.232-18	Availability of Funds	FAR 32.705-1(a)	Apr 1984
52.232-23	Assignment of Claims ALT 1	FAR 32.806(a)(1)	Jan 1986 Apr 1984
52.232-25	Prompt Payment	FAR 32.908(c)	Oct 2008
52.232-33	Payment by Electronic Funds Transfer --Central Contractor Registration	FAR 32.1110(a)(1)	Oct 2003
52.233-1	Disputes ALT 1	FAR 33.215	Jul 2002 Dec 1991
52.233-3	Protest after Award	FAR 33.106(b)	Aug 1996
52.233-4	Applicable Law for Breach of Contract Claim	FAR 33.215(b)	Oct 2004
52.237-2	Protection of Government Buildings, Equipment, and Vegetation	FAR 37.110(b)	Apr 1984
52.237-3	Continuity of Services	FAR 37.110(c)	Jan 1991
52.242-1	Notice of Intent to Disallow Costs	FAR 42.802	Apr 1984
52.242-13	Bankruptcy	FAR 42.903	Jul 1995
52.243-1	Changes – Fixed-Price ALT I	FAR 43.205(a)(1)	Aug 1987 Apr 1984
52.244-6	Subcontracts for Commercial Items	FAR 44.403	Dec 2010
52.249-2	Termination for Convenience of the Government (Fixed-Price)	FAR 49.502(b)(1)(i)	May 2004
52.249-8	Default (Fixed-Price Supply and Service)	FAR 49.504(a)(1)	Apr 1984
52.252-6	Authorized Deviations in Clauses	FAR 52.107(f)	Apr 1984

## I.2.1 Disputes

The requirements of the Disputes clause at FAR 52.233-1 are supplemented to provide that in regard to the interpretation of retail rates, rate schedules and items directly related to rates and rate schedules provided under this contract, the parties agree to accept as authoritative the interpretation of any statewide public utility regulatory authority with jurisdiction over the Contractor. The Government shall not be bound to accept as authoritative interpretations that conflict with Federal law or regulation or that are found by any administrative or judicial forum to: 1) result in discrimination against the Installation; 2) have resulted from abuse of discretion; or 3) have directly or indirectly resulted from any failure on the part of the regulatory authority or its members to comply with applicable laws and regulations.

## I.3 DFARS Clauses Incorporated by Reference

The use in this contract of any Defense Federal Acquisition Regulation Supplement (48 CFR Chapter 2) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

The following DFARS clauses are incorporated by reference:

DFARS Paragraph	Clause Title	IAW	Date
252.203-7001	Prohibition on Persons Convicted of Fraud or Other Defense-Contract-Related Felonies	DFARS 203.570-3	Dec 2008
252.203-7002	Requirement to Inform Employees of Whistleblower Rights	DFARS 203.970	Jan 2009
252.203-7003	Agency Office of the Inspector General	DFARS 203.1004(a)	Sep 2010
252.204-7000	Disclosure of Information	DFARS 204.404-70(a)	Dec 1991
252.204-7003	Control of Government Personnel Work Product	DFARS 204.404-70(b)	Apr 1992
252.205-7000	Provision of Information to Cooperative Agreement Holders	DFARS 205.470	Dec 1991
252.209-7004	Subcontracting with Firms that Are Owned or Controlled by the Government of a Terrorist Country	DFARS 209.409	Dec 2006
252.215-7000	Pricing Adjustments	DFARS 215.408(1)	Dec 1991
252.219-7003	Small Business Subcontracting Plan (DoD Contracts)	DFARS 219.708(b)(1)(A)	Oct 2010
252.223-7004	Drug-Free Work Force	DFARS 223.570-2	Sep 1988
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials	DFARS 223.7103(a)	Apr 1993
252.225-7031	Secondary Arab Boycott of Israel	DFARS 225.7605	Jun 2005
252.226-7001	Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns	DFARS 226.104	Sep 2004
252.231-7000	Supplemental Cost Principles	DFARS 231.100-70	Dec 1991
252.232-7003	Electronic Submission of Payment Requests and Receiving Reports	DFARS 232.7004	Mar 2008
252.232-7010	Levies on Contract Payments	DFARS 232.7102	Dec 2006
252.235-7003	Frequency Authorization	DFARS 235.072(b)	Dec 1991
252.236-7005	Airfield Safety Precautions	DFARS 236.570(b)(3)	Dec 1991
252.243-7001	Pricing of Contract Modifications	DFARS 243.205-70	Dec 1991
252.243-7002	Requests for Equitable Adjustment	DFARS 243.205-71	Mar 1998
252.247-7023	Transportation of Supplies by Sea	DFARS 247.574(b)(1)	May 2002



## I.4 Utility Services Clauses Incorporated by Reference

The following Utility Services FAR and DFARS clauses are incorporated herein by reference:

Paragraph	Clause Title	IAW	Date
52.241-2	Order of Precedence – Utilities	FAR 41.501(c)(1)	Feb 1995
52.241-4	Change in Class of Service	FAR 41.501(c)(3)	Feb 1995
52.241-5	Contractor's Facilities	FAR 41.501(c)(4)	Feb 1995
52.241-11	Multiple Service Locations	FAR 41.501(d)(5)	Feb 1995
252.241-7001	Government Access	DFARS 241.501-70(b)	Dec 1991

## I.5 Other Clauses

### I.5.1 FAR 52.204-10: Reporting Executive Compensation and First-Tier Subcontract Awards (Jul 2010)

(a) *Definitions.* As used in this clause:

“Executive” means officers, managing partners, or any other employees in management positions.

“First-tier subcontract” means a subcontract awarded directly by a Contractor to furnish supplies or services (including construction) for performance of a prime contract, but excludes supplier agreements with vendors, such as long-term arrangements for materials or supplies that would normally be applied to a Contractor’s general and administrative expenses or indirect cost.

“Total compensation” means the cash and noncash dollar value earned by the executive during the Contractor’s preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

- (1) Salary and bonus.
- (2) Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
- (3) Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
- (4) Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
- (5) Above-market earnings on deferred compensation which is not tax-qualified.
- (6) Other compensation, if the aggregate value of all such other compensation (*e.g.*, severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

(b) Section 2(d) of the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. No. 109-282), as amended by section 6202 of the Government Funding Transparency Act of 2008 (Pub. L. 110-252), requires the Contractor to report information on subcontract awards. The law requires all reported information be made public, therefore, the Contractor is responsible for notifying its subcontractors that the required information will be made public.

(c)(1) Unless otherwise directed by the contracting officer, by the end of the month following the month of award of a first-tier subcontract with a value of \$25,000 or more, (and any modifications to these subcontracts that change previously reported data), the Contractor shall report the following information at <http://www.fsrs.gov> for each first-tier subcontract. (The Contractor shall follow the instructions at <http://www.fsrs.gov> to report the data.)

- (i) Unique identifier (DUNS Number) for the subcontractor receiving the award and for the subcontractor's parent company, if the subcontractor has a parent company.
- (ii) Name of the subcontractor.
- (iii) Amount of the subcontract award.
- (iv) Date of the subcontract award.
- (v) A description of the products or services (including construction) being provided under the subcontract, including the overall purpose and expected outcomes or results of the subcontract.
- (vi) Subcontract number (the subcontract number assigned by the Contractor).
- (vii) Subcontractor's physical address including street address, city, state, and country. Also include the nine-digit zip code and congressional district.
- (viii) Subcontractor's primary performance location including street address, city, state, and country. Also include the nine-digit zip code and congressional district.
- (ix) The prime contract number, and order number if applicable.
- (x) Awarding agency name and code.
- (xi) Funding agency name and code.
- (xii) Government contracting office code.
- (xiii) Treasury account symbol (TAS) as reported in FPDS.
- (xiv) The applicable North American Industry Classification System code (NAICS).

(2) By the end of the month following the month of a contract award, and annually thereafter, the Contractor shall report the names and total compensation of each of the five most highly compensated executives for the Contractor's preceding completed fiscal year at <http://www.ccr.gov>, if—

- (i) In the Contractor's preceding fiscal year, the Contractor received—
  - (A) 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and
  - (B) \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and
- (ii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of

1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm> .)

(3) Unless otherwise directed by the contracting officer, by the end of the month following the month of a first-tier subcontract with a value of \$25,000 or more, and annually thereafter, the Contractor shall report the names and total compensation of each of the five most highly compensated executives for each first-tier subcontractor for the subcontractor's preceding completed fiscal year at <http://www.fsr.gov> , if—

(i) In the subcontractor's preceding fiscal year, the subcontractor received—

(A) 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and

(B) \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and

(ii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm> .)

(d)(1) If the Contractor in the previous tax year had gross income, from all sources, under \$300,000, the Contractor is exempt from the requirement to report subcontractor awards.

(2) If a subcontractor in the previous tax year had gross income from all sources under \$300,000, the Contractor does not need to report awards to that subcontractor.

(e) Phase-in of reporting of subcontracts of \$25,000 or more.

(1) Until September 30, 2010, any newly awarded subcontract must be reported if the prime contract award amount was \$20,000,000 or more.

(2) From October 1, 2010, until February 28, 2011, any newly awarded subcontract must be reported if the prime contract award amount was \$550,000 or more.

(3) Starting March 1, 2011, any newly awarded subcontract must be reported if the prime contract award amount was \$25,000 or more.

(End of Clause)

## **I.5.2 FAR 52.209-9: Updates of Publicly Available Information Regarding Responsibility Matters (Jan 2011)**

(a)(1) The Contractor shall update the information in the Federal Awardee Performance and Integrity Information System (FAPIIS) on a semi-annual basis, throughout the life of the contract, by posting the required information in the Central Contractor Registration database at <http://www.ccr.gov>.

(2) At the first semi-annual update on or after April 15, 2011, the Contractor shall post again any required information that the Contractor posted prior to April 15, 2011.

(b)(1) The Contractor will receive notification when the Government posts new information to the Contractor's record.

(2) The Contractor will have an opportunity to post comments regarding information that has been posted by the Government. The comments will be retained as long as the associated information is retained, *i.e.*, for a total period of 6 years. Contractor comments will remain a part of the record unless the Contractor revises them.

(3)(i) Public requests for system information posted prior to April 15, 2011, will be handled under Freedom of Information Act procedures, including, where appropriate, procedures promulgated under E.O. 12600.

(ii) As required by section 3010 of Public Law 111-212, all information posted in FAPIIS on or after April 15, 2011, except past performance reviews, will be publicly available.

(End of Clause)

### **I.5.3 FAR 52.241-7: Change in Rates or Terms and Conditions of Service for Regulated Services (Feb 1995)**

(a) This clause applies to the extent services furnished under this contract are subject to regulation by a regulatory body. The Contractor agrees to give the Contracting Officer in Section G.1 written notice of

(1) the filing of an application for change in rates or terms and conditions of service concurrently with the filing of the application and

(2) any changes pending with the regulatory body as of the date of contract award. Such notice shall fully describe the proposed change. If, during the term of this contract, the regulatory body having jurisdiction approves any changes, the Contractor shall forward to the Contracting Officer a copy of such changes within 15 days after the effective date thereof. The Contractor agrees to continue furnishing service under this contract in accordance with the amended tariff, and the Government agrees to pay for such service at the higher or lower rates as of the date when such rates are made effective.

(b) The Contractor agrees that throughout the life of this contract the applicable published and unpublished rate schedule(s) shall not be in excess of the lowest cost published and unpublished rate schedule(s) available to any other customers of the same class under similar conditions of use and service.

(c) In the event that the regulatory body promulgates any regulation concerning matters other than rates which affects this contract, the Contractor shall immediately provide a copy to the Contracting Officer. The Government shall not be bound to accept any new regulation inconsistent with Federal laws or regulations.

(d) Any changes to rates or terms and conditions of service shall be made a part of this contract by the issuance of a contract modification unless otherwise specified in the contract. The effective date of the change shall be the effective date by the regulatory body. Any factors not governed by the regulatory body will have an effective date as agreed to by the parties.

(End of Clause)

**End of Section I**

**Section J**

# List of Attachments, Exhibits, and Reference Documents

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<b>Attachments</b>		<b>Title</b>
JA1	Potable Water Utility System	
<b>Exhibits</b>		<b>Title</b>
JE2	Service Interruption/Contingency and Catastrophic Loss Plan	
JE3	Operations and Maintenance/Quality Management Plan	
JE4	Initial System Deficiency Corrections and Initial Renewals and Replacements Plan	
JE5	Operational Transition Plan	
JE6	Subcontracting Plan	
JE7	Rate Schedule FKW – Water Service within Fort Knox, Kentucky	
<b>Reference Documents</b>		<b>Title</b>
JR8	Easement / Bill of Sale	

**End of Section J**



FOR Entire Area Served

P.S.C. Ky. No. 1

Tariff for

**HARDIN COUNTY WATER DISTRICT No. 1**

of

**1400 Rogersville Road, Radcliff, Kentucky, 40160**

**Providing Water Service For**

**Radcliff, Kentucky**

**Portions of Hardin and Meade Counties**

**and Surrounding Area as Recorded on Page 19 in the Order Book**

**of the County Court Clerk**

**of Hardin County dated July 15, 1952 and Amended by Additional**

**Territory by the Judge Executive of Hardin County in 2000,**

**And the potable water system located within the military post of**

**Fort Knox, Kentucky**

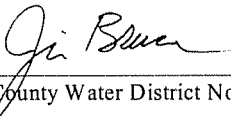
Filed with the

**PUBLIC SERVICE COMMISSION of KENTUCKY**

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DATE OF ISSUE October 14, 2011

DATE EFFECTIVE February 1, 2012

ISSUED BY: , Mr. Jim Bruce, General Manager  
General Manager, Hardin County Water District No. 1

## Hardin County Water District No. 1

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CLASSIFICATION OF SERVICE:  
GENERAL RULES AND POLICIES

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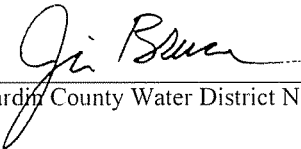
(N)

1. **Applicability:** These rules and policies apply to Fort Knox, Kentucky, Department of the Army military installation ("Government") as the individual water utility customer of the Hardin County Water District No. 1 ("District"), which facilities are all located within the confines of the United States military post known as Fort Knox, and will be in affect until changed and approved by the District's Board of Commissioners and the Kentucky Public Service Commission ("PSC"). Other rules, policies and levels of service which may be required by the PSC and are available from the PSC offices (phone 1-800-772-4636 or TDD at 1-800-648-6056) or may be reviewed upon request at the District offices.
2. **Services Provided:** The District has agreed and is required to provide water services in response to the Government's request for proposals to divest ownership, maintenance and operations of its potable water utility system located at Fort Knox, Kentucky. Said request was issued in July, 2008, by the Defense Logistics Agency / Energy ("DLA"). After a comprehensive review the District's initial and two revised proposals, the Government and the District negotiated and entered into a Utility Service Contract ("Contract"), executed on September 30, 2011, awarding a contract to the District and providing for the District to take over ownership and operations of all included facilities and utility operations. The Contract sets forth the terms under which the District will provide service, and the agreed rates which will be charged to the Government.
3. **Area Served:** The service area shall include Fort Knox, as described specifically in an Easement and Bill of Sale document provided by the Government to the District as part of the Contract and also may include portions of Hardin and Meade Counties as included in Additional Territory Amended by the Judge Executive of Hardin County in 2000 or later Fiscal Court orders.
4. **Future Customers:** The District may in the future provide water utility services also to customers, entities or communities off post (which is provided for in the Contract) in Hardin and Meade Counties.

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DATE OF ISSUE October 14, 2011

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ISSUED BY:  \_\_\_\_\_, Mr. Jim Bruce, General Manager  
General Manager, Hardin County Water District No. 1



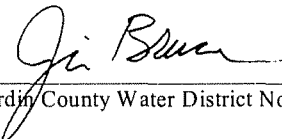
Hardin County Water District No. 1CLASSIFICATION OF SERVICE:  
GENERAL RULES AND POLICIES

(N)

5. **Rates and Charges:** All the terms, services provided, rates, responsibilities of District and process for future rate adjustments have been negotiated and agreed to in the Contract signed and executed on September 30, 2011. The agreed to rates for the Government, being the initial and only customer of the District, are as follows;

SERVICES REQUIRED / SUPPLIED	AGREED MONTHLY SERVICE CHARGE
Transition Surcharge, for one (1) month, charged in the fifth month after the date the Contract is executed, to pay for all costs related to start-up and other costs as agreed to in the Contract	\$592,518
Fixed Monthly Service Charge for District to provide all potable water utility services as required in the Contract under Section C, <i>Descriptions, Specifications and Work Statement.</i>	\$246,172
Initial Monthly Capital Improvement Surcharge for the first sixty (60) months to fund and pay for all initial capital upgrades as required (also known in the Contract as Initial System Deficiency Corrections) and agreed to in the Contract	\$473,831
Purchase Price Recovery Surcharge, charged monthly for the first 120 months of the Contract, to recover costs for agreed purchase price of the system and assets	\$85,968
Credit to Purchase Price Recovery Surcharge, as agreed in Contract to eliminate the charge to the Customer of the purchase price surcharge, to be applied monthly for the first 120 months of the Contract	(\$85,968)

6. **Future Rate Adjustments:** All rates and charges shall remain in affect for the number of months shown above, if limited to a set period. As agreed in the Contract, future rate increases may only be allowed after the number of initial months has passed, and then the frequency and method for rate adjustments will be according to the terms agreed in the Contract.

DATE OF ISSUE October 14, 2011DATE EFFECTIVE February 1, 2012ISSUED BY:  \_\_\_\_\_, Mr. Jim Bruce, General Manager  
General Manager, Hardin County Water District No. 1

FOR Entire Area Served

P.S.C. Ky. No. 1

Original Sheet No. 19.3

Hardin County Water District No. 1

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CLASSIFICATION OF SERVICE:  
GENERAL RULES AND POLICIES

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7. **Applicable and Executed Contract:** The contract which has been agreed to and executed is attached as ATTACHMENT A and is made part of this tariff as if fully set forth herein.

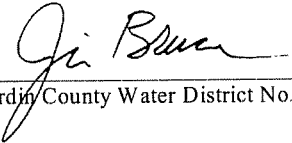
# ATTACHMENT A

(Follows this sheet)

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DATE OF ISSUE October 14, 2011

DATE EFFECTIVE February 1, 2012

ISSUED BY: , Mr. Jim Bruce, General Manager  
General Manager, Hardin County Water District No. 1