

Procurement & Property Division Policy Memorandum

Subject: Acquisition of Utility Services			Number: 41-01
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Background

A question arose in the agency as to whether there are any restrictions against contracting directly with local utility companies for utility services.

Procurement Options

FAR Part 10, Market Research, is mandatory and must include the consideration of the use of GSA Area wide contracts, separate contracts, and Interagency agreements, in accordance with FAR Part 41. In the case of separate contract option, documentation of available sources is required.

For contracts exceeding one year, but not exceeding ten years, agencies may use:

- # GSA Area wide contracts (available from GSA)
- # Interagency agreements (with Agencies that have established contracts, i.e., Bonneville Power Administration (BPA), Tennessee Valley Administration (TVA), and Defense Energy Support Center (DESC)).
- # A separate contract after delegated authority from GSA is granted. When documented competition exists, agencies may proceed under FAR Part 12 or 15. (Note: In addition to

documenting of competition and GSA Delegation, the contract must be documented showing; 1) that it obtained lower rates, larger discounts, or more favorable terms and conditions of service than the Area wide contract; 2) connection charge, termination liability, or other facilities charge to be paid by the Federal Government will be reduced or eliminated; 3) utility service supplier refuses to render the desired services except under a contract exceeding a one year period.

Contracts of one year or less may be awarded in accordance with the above except that a Delegation of Authority from GSA is not required.

PPD Point of Contact

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Approved:

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