



# Department of the Navy Utilities Privatization Quarterly Report

Submitted to  
Under Secretary of Defense for  
Acquisition, Technology and Logistics  
July 2002

## EXECUTIVE SUMMARY

### INTRODUCTION

This quarterly report provides the status on executing the Department of the Navy's (DoN) Implementation Plan for privatizing utility systems as submitted by the Secretary of the Navy to the Deputy Under Secretary of Defense for Installations in support of the Department of Defense Reform Initiative Directive (DRID) #49 – *Privatizing Utility Systems*. This report updates the planning, scheduling and execution requirements outlined in the Navy and Marine Corps Utilities Privatization Implementation Plans. Included are a detailed listing of the current inventory of Navy and Marine Corps utility systems worldwide and their associated execution status information, a total of 886 systems at 138 activities/installations. All data is current as of 30 June 2002.

### SUMMARY OF PROGRESS

1. Progress Reports. DoN's progress towards meeting the goals established under DRID #49 is summarized in the attachments to this report. Attached are all DON Utilities Privatization (UP) data in the new Office of the Secretary of Defense (OSD) report formats, and additional slides and charts. We have also forwarded electronic copies of these reports, slides and charts to your office.
2. Privatization Awards. There have been no privatization awards of utility systems in the last quarter. DON expects no additional awards to be made during the next quarter. To date, there have been three systems awarded.

#### Privatization Awards

Activity	Water	Electric	Sewer	Gas	Comments
NSY Norfolk	-	1	-	-	Privatized Jul 1999
NSA Midsouth	-	-	-	1	Privatized (by replacement) Sep 1999
NCBC Gulfport	-	-	-	1	Privatized (by replacement) Dec 2000

3. Congressional Notifications. There are currently no Congressional notifications pending. DON expects no additional notifications during the next quarter.
4. SSA Decisions. There were no Source Selection Action (SSA) decisions made during the last quarter. DON expects no additional SSA decisions during the next quarter. To date, there have been 27 of 724 systems (4% of DON systems being considered for privatization) that have either been exempted or have reached an SSA Decision. This represents no change from last quarter. No further change is anticipated for the next quarter. DON expects to meet the proposed OSD Milestone of having achieved SSA decisions for 100% of systems by 30 September 2005. The Navy also expects to achieve SSA decisions for 48% of its systems by 30 September 2004.

5. **RFP Issued Status.** RFPs have been issued (or have been exempted) for 609 of 724 systems, which represent 84% of DON systems being considered for privatization. Last quarter, RFPs for 464 systems had been issued (66%). Next quarter, this number is expected to be 683 systems (94%).
6. **RFP Closure Status.** RFPs have closed (or have been exempted) for 160 systems (22% of DON systems). Last quarter, this number was 144 systems (20%). Next quarter, this number is expected to be 229 systems (32%). The Navy expects to exceed the OSD interim milestone of having RFP closure for 80% of systems by 30 September 2003.
7. **Exemptions and Deferrals.** No additional systems were granted exemptions during the past quarter. The current status of all exemptions and deferrals is shown in the following graphs.

### Security Exemptions

Activity	Water	Electric	Sewer	Gas	Comments
NSF Thurmont	1	1	1	-	Approved by DASN(I&F) Apr 1999
SWFLANT Kings Bay	-	1	-	-	Emergency Electrical System for Limited Area approved Jul 1999
SUBASE Kings Bay	1	1	1	-	Approved by DASN (I&F) May 2001
SUBASE Bangor	1	-	1	-	Approved by DASN (I&F) May 2001

### Economic Exemptions Pre-RFP

Activity	Water	Electric	Sewer	Gas	Comments
NSB Bangor	-	1	-	-	Approved by DASN(I&F) Sep 2000
NAVSTA Bremerton	-	1	-	-	Approved by DASN(I&F) Sep 2000
NRC Jim Creek	-	1	-	-	Approved by DASN(I&F) Sep 2000
NAWCTSD Orlando	1	-	1	-	Approved by DASN(I&F) Sep 2000
MCB Kaneohe Bay	1	-	-	-	Approved by DASN (I&F) Apr 2001.
Ind Ord Plt Magna, Utah	1	1	1	1	Approved by DASN (I&F) Dec 2001

### Economic Exemptions Post-RFP

Activity	Water	Electric	Sewer	Gas	Comments
NAS Atlanta	2	-	2	1	Approved by DASN (I&F) Nov 2001

### Deferrals

Activity	Water	Electric	Sewer	Gas	Comments
NS Roosevelt Roads	3	-	2	2	Approved by DASN(I&F) Dec 2001 (Deferred until Jan 2003)

8. **Additional Relevant Information.** Two electric systems were removed from the DON database during the past quarter after it was determined that they are both privately owned, and the government never owned them. These systems are located at Bridgeport and Coleville, which are both special areas of Camp Pendleton. DON is currently giving its utilities privatization database a final validation to determine if all the systems listed are accurately described.

## **OUTSTANDING ISSUES REGARDING UTILITIES PRIVATIZATION EXECUTION**

Issues that require clarification include:

1. Western Area Power Administration (WAPA) Re-Competition of Federal Power Allocations.

WAPA's Desert Southwest region will re-compete power allotments in 2004 for delivery of power in 2008. Since WAPA could change its policy by not providing low-cost federal power allocations to military installations that have privatized utility systems, this would create an adverse risk factor through an increase in utility rates. This issue should continue to be addressed by OSD as it impacts all Military Departments receiving low-cost Federal allocations.

**Attachments:**

- I. DON Utilities Privatization Quarterly Report Program Status
- II. DON Utilities Privatization Program Charts
- III. DON Utilities Privatization Quarterly Report Program Status

# Department of the Navy Utilities Privatization Quarterly Report Program Status

**Data as of: 30 June 2002**

System Type	Grand Total Number of Systems		Avail to Privatize (4) [Baseline]			Pending Re-Assess -ment (5)	On Hold or Temp Deferred ** (6)	Active Pending RFP Release (7)	RFP Closed Pending SSA Decision (10a)	SSA Decision Made Pending Notification (10b)	Security & Mission Exempt (8)	Eco. Exempt Post-RFP (9)	Contract Award (12)	Check total # of Systems
	Privatized Before Dec98	(2)	Owned By Others (3)	Avail to Privatize (4) [Baseline]										
Electric	253	2	55	201		0	3	41	108	41	0	3	4	1
NG	102	7	1	94		0	0	8	60	22	0	0	1	2
Water	255	0	49	206		0	2	23	138	35	0	3	3	0
WW	250	0	48	202		0	2	34	126	33	0	3	2	0
Other	21	0	0	21		0	0	2	17	2	0	0	0	21
Total	886	9	153	724		0	7	108	449	133	0	9	10	3
				100.00%										724
	1%	17%		724					Delayed:	7	108	Under Acquisition:	582	
										0.97%	14.92%	80.39%	3.31%	0.41%
												Total Exempt:	24	3
													0	0

1. The total number of systems in the Service's inventory.
  2. Systems that were privatized prior to DRID in 23 DEC 98.
  3. Systems, that may or may not be maintained by Service, but because they're not owned by the Service, they can't be privatized.
  4. The total systems (1) less privatized pre-DRID (2) and owned by others (3).
  5. Systems that been evaluated once and found not economical. They will be re-assessed.
  6. Systems that have been deferred while other systems are being evaluated.
  7. Systems where progress is being made, but RFPs have not been released.
  8. Systems exempt for security or mission reasons.
  9. Systems that either have no private interest or were shown to be uneconomical before the RFP process.
  10. Systems with RFPs issued and continued solicitation. This milestone was addressed in DRID #49.
  11. Systems that have been determined to be uneconomical based on the results of an RFP.
  12. Systems that have had a privatization contract awarded meeting the DRID #49 goal.
- \*\* Note:** Systems deferred (column (6)) have not been officially approved. But, no progress expected near term.

## Department of the Navy Utilities Privatization Quarterly Report Program Status

**Data as of: 30 June 2002**

System Type	# With at least RFP Closed or Exempt	%	# With at least SSA Decision Made or Exempt	%
Electric	49	24%	8	4%
NG	26	28%	4	4%
Water	43	21%	8	4%
WW	40	20%	7	3%
Other	2	10%	0	0%
<b>Total</b>	<b>160</b>	<b>22%</b>	<b>27</b>	<b>4%</b>

System Type	# With at least RFP Closed or Exempt		% With at least SSA Decision Made or Exempt	%	Total # of Systems Privatized	% of Total Systems Privatized	% of Total Systems Originally Owned by Others	% of Total Systems Exempt	Total DRID Complete
	Total # of Systems Privatized	% of Total Systems Privatized							
Electric	3	1%	3	21%	21%	3%			25%
NG	9	9%	9	1%	9	2%			12%
Water	0	0%	0	19%	0	3%			22%
WW	0	0%	0	19%	0	3%			22%
Other	0	0%	0	0%	0	0%			0%
<b>Total</b>	<b>12</b>	<b>1.35%</b>	<b>17.27%</b>	<b>2.71%</b>	<b>21</b>	<b>21%</b>	<b>21%</b>	<b>21%</b>	<b>21%</b>

Each of these columns represent a summation of the appropriate columns on page 1.

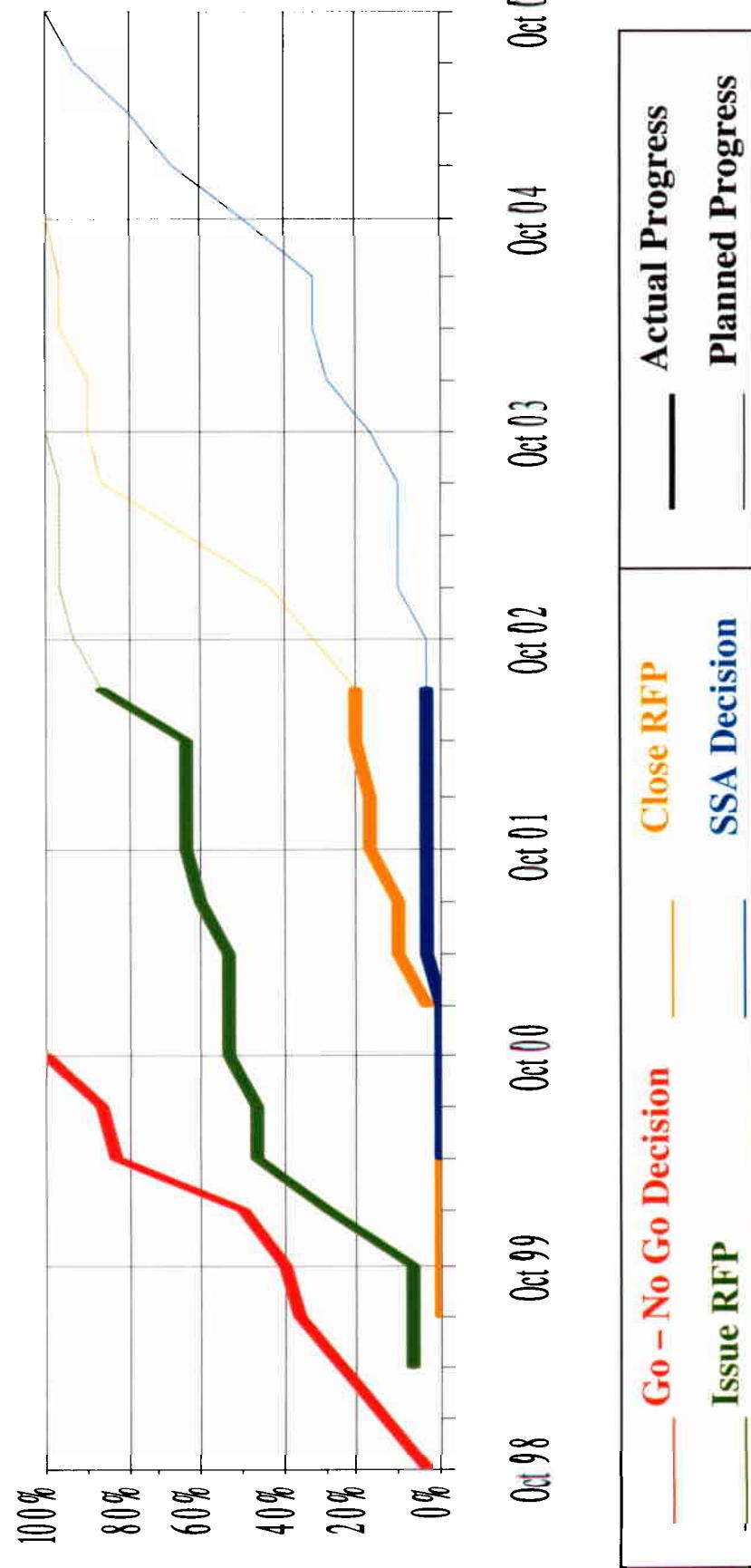
This shaded area represents the number of available systems that have **at least reached this milestone** at the time of this report.

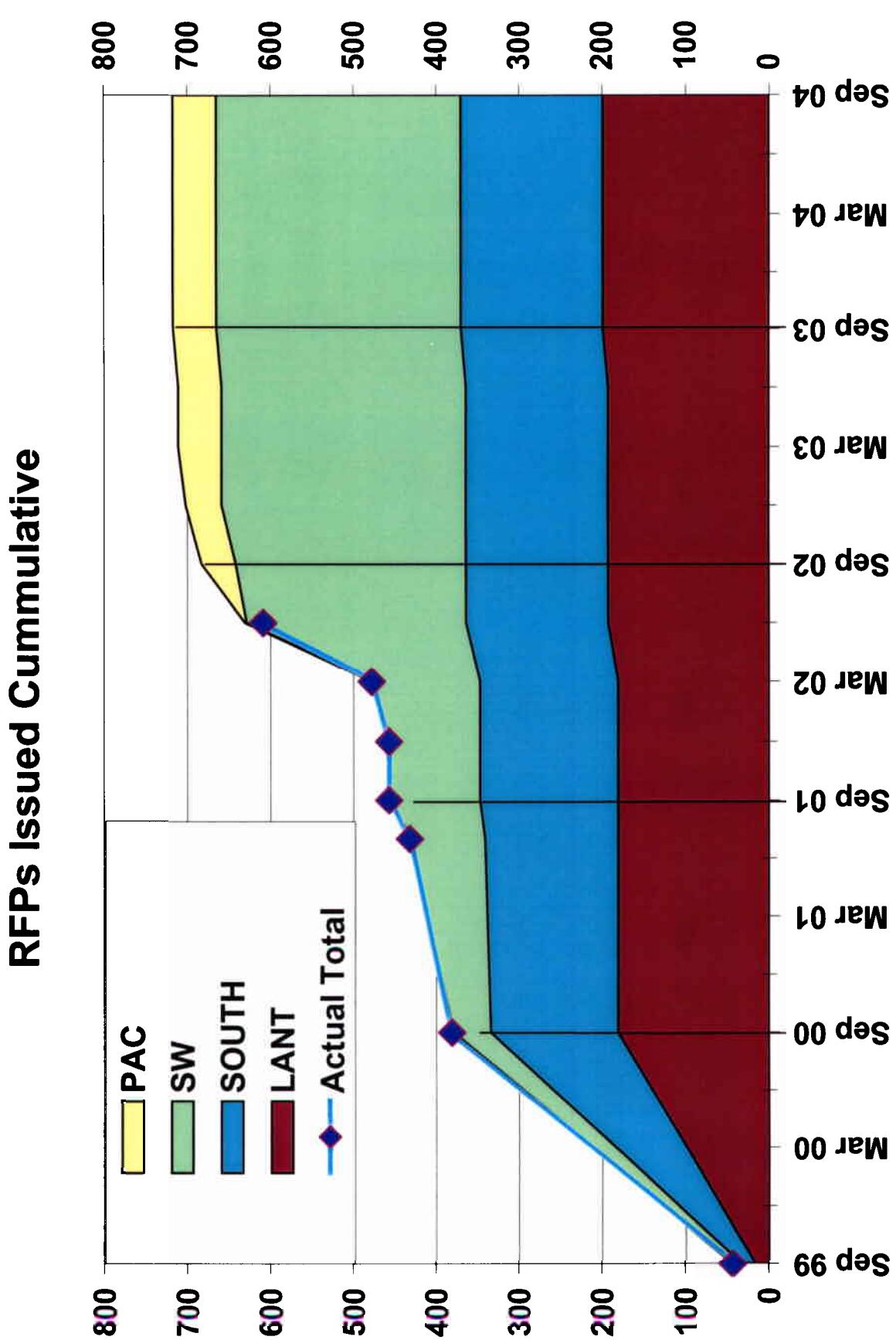
Each of these columns represent a summation of the appropriate columns on page 1.

Includes all systems under control (2661 total for DoD).

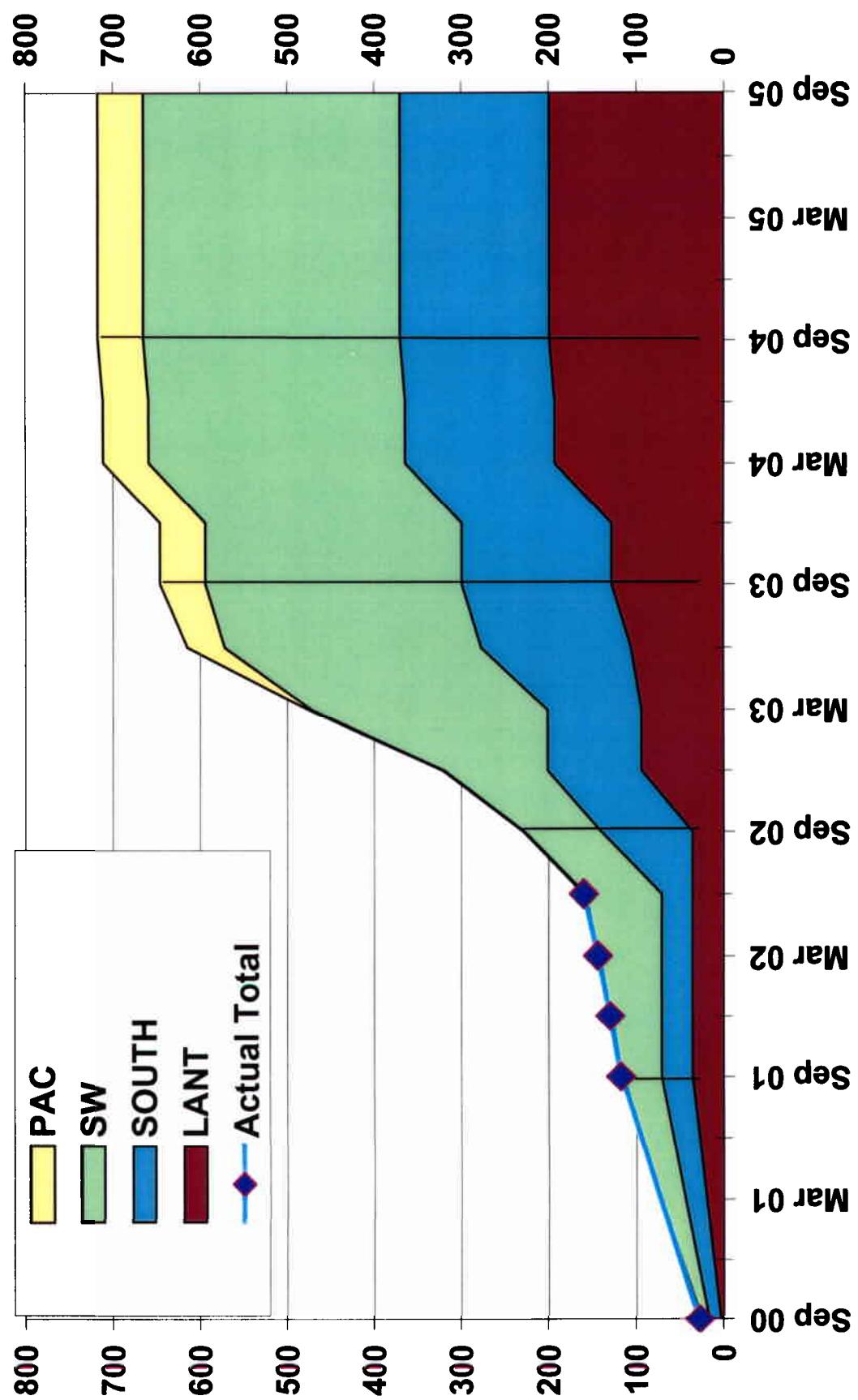


# Progress

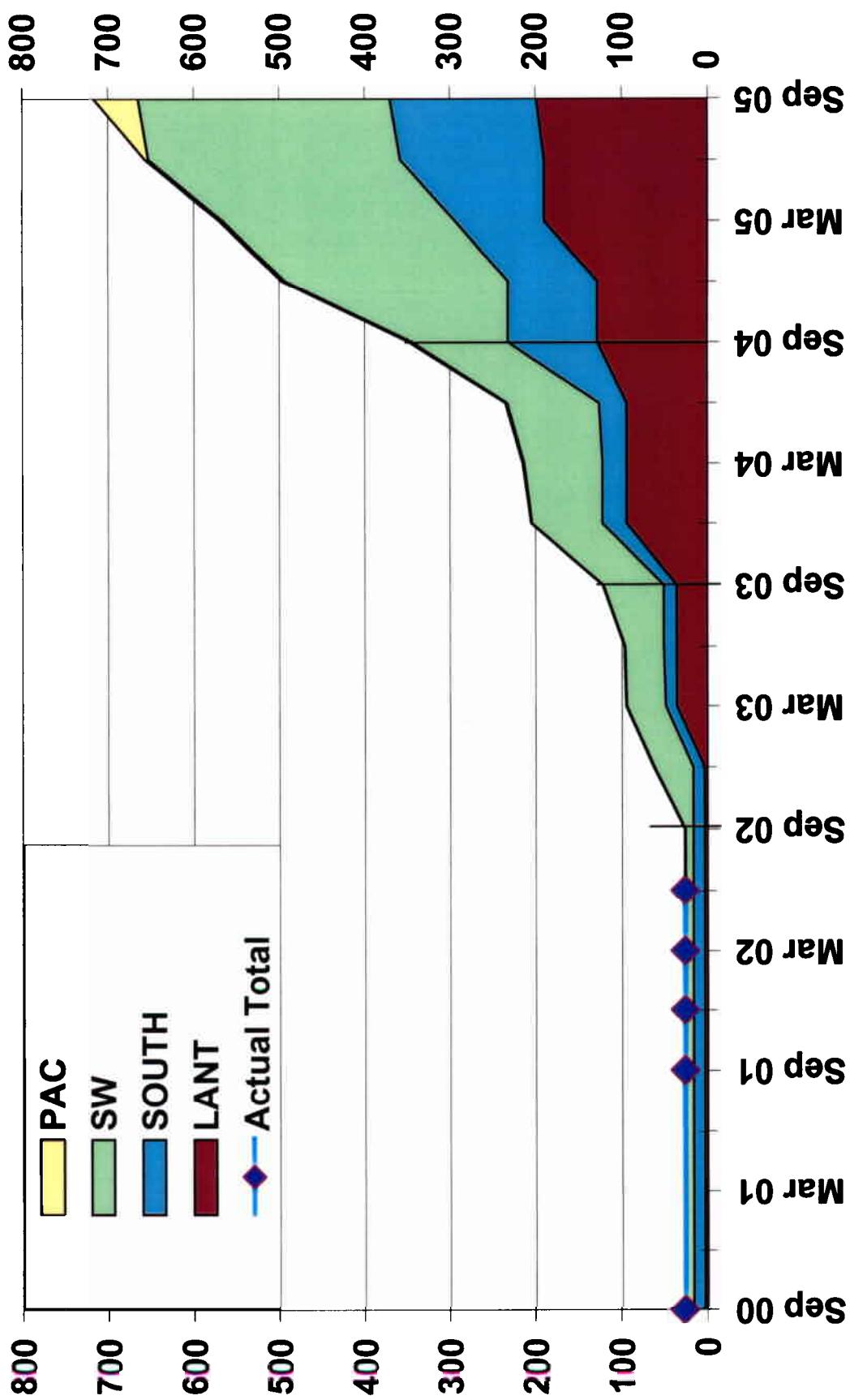




## RFPs Closed or Exempt



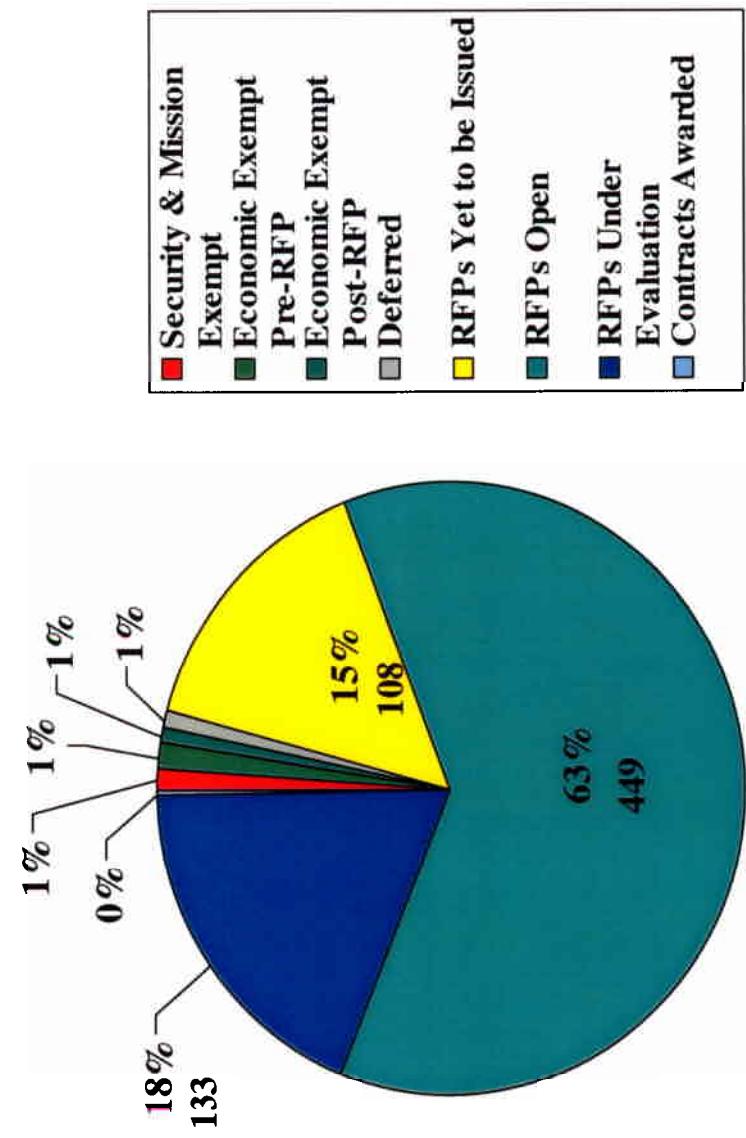
## SSA Decision or Exempt



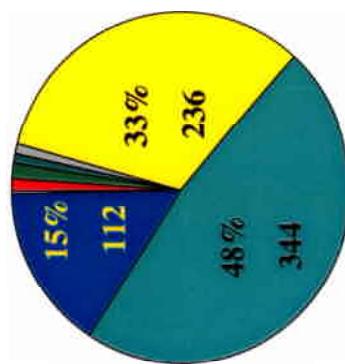
# Privatization Status



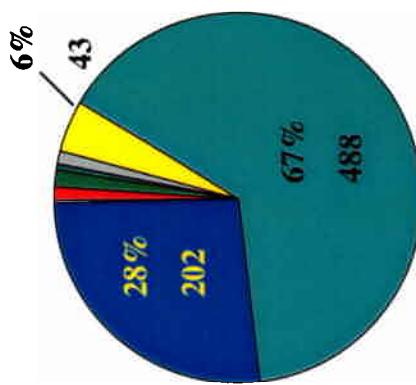
Current Status of Systems Available to Privatize



Status Last Quarter



Anticipated Status Next Quarter



**Department of the Navy**  
**Utilities Privatization Quarterly Report Program Status**

		Planned RFPS Issued Cumulative															
Avail to Privatize (4)	System Type	Sep 99	Sep 00	Jul 01	Sep 01	Dec 01	Mar 02	Jun 02	Sep 02	Dec 02	Mar 03	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04	Sep 04
201	Electric	8	58	115	124	124	130	165	185	192	196	198	198	198	198	198	198
94	Natural Gas	4	23	54	57	57	62	87	90	94	94	94	94	94	94	94	94
206	Water	8	65	137	143	143	148	187	198	200	202	204	204	204	204	204	204
202	Waste Water	7	64	121	126	126	131	173	190	195	198	200	200	200	200	200	200
21	Other	0	4	5	7	7	7	19	20	21	21	21	21	21	21	21	21
<b>724</b>	<b>Total</b>	<b>27</b>	<b>214</b>	<b>432</b>	<b>457</b>	<b>457</b>	<b>478</b>	<b>631</b>	<b>683</b>	<b>702</b>	<b>711</b>	<b>717</b>	<b>717</b>	<b>717</b>	<b>717</b>	<b>717</b>	<b>717</b>
<b>% Total</b>		<b>3.7%</b>	<b>29.6%</b>	<b>59.7%</b>	<b>63.1%</b>	<b>63.1%</b>	<b>66.0%</b>	<b>87.2%</b>	<b>94.3%</b>	<b>97.0%</b>	<b>98.2%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>

		Actual RFPS Issued Cumulative															
Avail to Privatize (4)	System Type	Sep 99	Sep 00	Jul 01	Sep 01	Dec 01	Mar 02	Jun 02	Sep 02	Dec 02	Mar 03	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04	Sep 04
201	Electric	23	101	115	124	124	130	157	157	157	157	157	157	157	157	157	157
94	Natural Gas	4	46	54	57	57	62	86	86	86	86	86	86	86	86	86	86
206	Water	9	118	137	143	143	148	181	181	181	181	181	181	181	181	181	181
202	Waste Water	8	112	121	126	126	131	166	166	166	166	166	166	166	166	166	166
21	Other	0	4	5	7	7	7	19	19	19	19	19	19	19	19	19	19
<b>724</b>	<b>Actual Total</b>	<b>44</b>	<b>381</b>	<b>432</b>	<b>457</b>	<b>457</b>	<b>478</b>	<b>609</b>									
<b>% Total</b>		<b>6.1%</b>	<b>52.6%</b>	<b>59.7%</b>	<b>63.1%</b>	<b>63.1%</b>	<b>66.0%</b>	<b>84.1%</b>	<b>94.3%</b>	<b>97.0%</b>	<b>98.2%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>	<b>99.0%</b>

		Difference in Planned vs Actual RFPS Issued Cumulative															
Avail to Privatize (4)	System Type	Sep 99	Sep 00	Jul 01	Sep 01	Dec 01	Mar 02	Jun 02	Sep 02	Dec 02	Mar 03	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04	Sep 04
201	Electric	15	43	0	0	0	0	0	0	0	0	0	-8	-8	-8	-8	-8
94	Natural Gas	0	23	0	0	0	0	0	0	0	0	0	-1	-1	-1	-1	-1
206	Water	1	53	0	0	0	0	0	0	0	0	0	-6	-6	-6	-6	-6
202	Waste Water	1	48	0	0	0	0	0	0	0	0	0	-7	-7	-7	-7	-7
21	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>724</b>	<b>Total</b>	<b>17</b>	<b>167</b>	<b>0</b>	<b>-22</b>	<b>-22</b>	<b>-22</b>	<b>-22</b>	<b>-22</b>								
<b>% Total</b>		<b>2.3%</b>	<b>23.1%</b>	<b>0.0%</b>	<b>-3.0%</b>	<b>-3.0%</b>	<b>-3.0%</b>	<b>-3.0%</b>	<b>-3.0%</b>								

**Department of the Navy  
Utilities Privatization Quarterly Report Program Status**

<b>PLANNED # Systems with at least RFP Closed or System Exempted</b>																			
Avail to Privatize (4)	System Type	Sep 00	Sep 01	Dec 01	Mar 02	Jun 02	Sep 02	Dec 02	Mar 03	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04	Sep 04	Dec 04	Mar 05	Jun 05	Sep 05
		201	Electric	9	36	43	49	67	92	125	171	182	196	198	198	198	198	198	198
94	Natural Gas	4	17	20	23	26	38	50	78	90	91	94	94	94	94	94	94	94	94
206	Water	8	32	35	39	43	65	91	134	171	180	202	202	204	204	204	204	204	204
202	Waste Water	7	30	33	37	40	57	85	123	166	176	198	198	200	200	200	200	200	200
21	Other	0	1	1	2	2	3	15	17	17	17	21	21	21	21	21	21	21	21
<b>724</b>	<b>Total</b>	<b>28</b>	<b>116</b>	<b>128</b>	<b>144</b>	<b>160</b>	<b>229</b>	<b>321</b>	<b>475</b>	<b>615</b>	<b>646</b>	<b>711</b>	<b>711</b>	<b>717</b>	<b>717</b>	<b>717</b>	<b>717</b>	<b>717</b>	<b>717</b>
% Total		3.9%	16.0%	17.7%	19.9%	22.1%	31.6%	44.3%	65.6%	84.9%	89.2%	98.2%	98.2%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%

<b>ACTUAL # Systems with at least RFP Closed or System Exempted</b>																			
Avail to Privatize (4)	System Type	Sep 00	Sep 01	Dec 01	Mar 02	Jun 02	Sep 02	Dec 02	Mar 03	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04	Sep 04	Dec 04	Mar 05	Jun 05	Sep 05
		201	Electric	9	36	39	43	49	67	92	125	171	182	196	198	198	198	198	198
94	Natural Gas	4	17	20	23	26	38	50	78	90	91	94	94	94	94	94	94	94	94
206	Water	8	33	36	39	43	65	91	134	171	180	202	202	204	204	204	204	204	204
202	Waste Water	7	31	34	37	40	57	85	123	166	176	198	198	200	200	200	200	200	200
21	Other	0	1	1	2	2	3	15	17	17	17	21	21	21	21	21	21	21	21
<b>724</b>	<b>Actual Total</b>	<b>28</b>	<b>118</b>	<b>130</b>	<b>144</b>	<b>160</b>													
% Total		3.9%	16.3%	18.0%	19.9%	22.1%													

<b>Difference in PLANNED vs ACTUAL # Systems with at least RFP Closed or System Exempted</b>																			
Avail to Privatize (4)	System Type	Sep 00	Sep 01	Dec 01	Mar 02	Jun 02	Sep 02	Dec 02	Mar 03	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04	Sep 04	Dec 04	Mar 05	Jun 05	Sep 05
		201	Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
94	Natural Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
206	Water	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
202	Waste Water	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>724</b>	<b>Total</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>														
% Total		0.0%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Department of the Navy**  
**Utilities Privatization Quarterly Report Program Status**

<b>PLANNED # Systems with at least SSA Decision or System Exempted</b>																			
Avail to Privatize (4)	System Type	Sep 00	Sep 01	Dec 01	Mar 02	Jun 02	Sep 02	Dec 02	Mar 03	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04	Sep 04	Dec 04	Mar 05	Jun 05	Sep 05
		201	Electric	8	8	8	8	8	17	27	29	38	60	63	67	101	134	150	174
94	Natural Gas	4	4	4	4	4	4	4	13	15	15	20	29	31	34	48	78	83	94
206	Water	8	8	8	8	8	8	8	17	27	27	33	58	60	66	100	140	164	189
202	Waste Water	7	7	7	7	7	7	7	16	26	26	31	57	59	65	96	131	154	179
21	Other	0	0	0	0	0	0	0	0	0	0	0	0	1	2	3	3	14	21
<b>724</b>	<b>Total</b>	<b>27</b>	<b>63</b>	<b>95</b>	<b>97</b>	<b>122</b>	<b>205</b>	<b>215</b>	<b>235</b>	<b>348</b>	<b>497</b>	<b>570</b>	<b>657</b>						
% Total		3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	13.1%	13.4%	16.9%	28.3%	29.7%	32.5%	48.1%	68.6%	78.7%	90.7%	99.0%
<b>ACTUAL # Systems with at least SSA Decision or System Exempted</b>																			
Avail to Privatize (4)	System Type	Sep 00	Sep 01	Dec 01	Mar 02	Jun 02	Sep 02	Dec 02	Mar 03	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04	Sep 04	Dec 04	Mar 05	Jun 05	Sep 05
		201	Electric	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
94	Natural Gas	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
206	Water	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
202	Waste Water	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
21	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>724</b>	<b>Actual Total</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>										
% Total		3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
<b>Difference in PLANNED vs ACTUAL # Systems with at least SSA Decision or System Exempted</b>																			
Avail to Privatize (4)	System Type	Sep 00	Sep 01	Dec 01	Mar 02	Jun 02	Sep 02	Dec 02	Mar 03	Jun 03	Sep 03	Dec 03	Mar 04	Jun 04	Sep 04	Dec 04	Mar 05	Jun 05	Sep 05
		201	Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
94	Natural Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
206	Water	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
202	Waste Water	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>724</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>										
% Total		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%