



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
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NAVFACINST 11300.2F
00RI/SD
17 May 2004

NAVFAC INSTRUCTION 11300.2E

From: Commander, Naval Facilities Engineering Command

Subj: POLICY AND PROCEDURES FOR UTILITY RATES AND STUDIES OFFICE

Ref: (a) The Federal Property and Administrative Services Act of 1949, as amended

Encl: (1) Navy Utility Rates and Studies Office Mission and Functions
(2) Responsibilities of NAVFACENGCOM Activities in Support of Navy Utility Rates and Studies Office

1. Purpose. To rename the Navy Rate Intervention Office and update its mission and procedures to reflect the gradual change in regulation and the Department of the Navy's ("DON" or "Navy") divestiture of its utility distribution assets.

2. Cancellation. NAVFACINST 11300.2E of 9 December 1996 is hereby superseded and cancelled.

3. Policy. The Naval Facilities Engineering Command (NAVFACENGCOM) is responsible for ensuring that the DON pays reasonable rates for purchased utility services. The policy of this Command is to ensure that the Navy pays the lowest possible utility rates that are fair, non-discriminatory, and cost-justified.

4. Procedural Issues

a. NAVFACENGCOM Headquarters (HQ), Navy Rate Intervention, shall be renamed "Utility Rates and Studies Office" (URASO) and, in conformity with the requirements of reference (a), shall perform the mission and functions enumerated in enclosure (1).

b. The Navy Utility Rates and Studies Office is part of NAVFACENGCOMHQ acquisition community.

c. In utility regulatory rate proceedings, the Navy's participation shall be through URASO and the legal counsel assigned to the case. Following consultation with URASO, cognizant NAVFACENGCOM personnel may conduct informal discussions with regulatory authority and utility company personnel.

d. In jurisdictions where competition is allowed, contracting officers shall request from URASO the studies or advice necessary to establish the negotiation strategy regarding the price of subject service and/or the design of rates.

e. In accordance with the requirements of reference (a), Navy's authority to appear before regulatory authorities is subject to appropriate delegation by the General Services Administrator ("GSA"). URASO shall identify the issues to be addressed in a utility rate application and determine whether intervention is warranted. In performing the intervention action, URASO represents not only the Navy's interests, but those of other military departments and federal executive agencies as well. URASO and the assigned counsel shall pursue every opportunity available to reach settlement on contested issues whenever possible if the results are not injurious to the government's interests. For negotiated rates, however, settlement authority shall be limited only to Navy and Marine Corps interests.

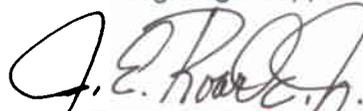
5. Action

a. NAVFACENGCOCOM Commanders and Commanding Officers shall be responsible for monitoring proposed rate changes in their geographic areas of responsibility. They will advise URASO of all proposed rate changes and shall provide it with the support as outlined in enclosure (2).

b. The Director, URASO, shall establish and implement procedures in accordance with this instruction.

c. Where the supplier is self-regulated or not subject to regulation, the cognizant contracting officer shall seek the timely support of URASO in providing a cost of service or cost allocation study, as necessary, as well as recommendation for negotiating a favorable price to DON for the services rendered.

d. Counsel, NAVFACENGCOCOM, after appropriate coordination with the Office of General Counsel of the Navy and GSA, shall provide and manage legal support for the intervention effort.


J. E. ROARK, JR.
Executive Director

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NAVY UTILITY RATES AND STUDIES OFFICE
MISSION AND FUNCTIONS

MISSION

- Advise NAVFACENGCOM on all utility rate issues.
- Protect Navy and Marine Corps interests in establishing regulated and unregulated utility rates.
- Provide technical support for representations before municipal, state, and federal utility regulatory authorities.
- Participate fully in the proceedings and hearings of utility regulatory authorities as they affect utility providers to the Navy and Marine Corps.
- Provide a coordinated approach to utility regulatory matters within NAVFACENGCOM, the military departments, and other federal executive agencies.
- Perform relevant studies and provide assistance to NAVFACENGCOM on all matters affecting utility rates.

NAVY UTILITY RATES AND STUDIES OFFICE
MISSION AND FUNCTIONS

FUNCTIONS

- Proposes and implements major policies affecting Navy's utility rates in accordance with the governing rules and regulations.
- Determines the necessity for intervention, manages all aspects of rate intervention, and is the representative of the Navy and the Marine Corps in such proceedings, also representing other military departments and federal executive agencies in cases where the Navy has the lead.
- Establishes the requirements for expert contractors' support, scopes of work and contractor evaluation criteria, and recommends selection of best-qualified contractors.
- Decides on the issues to be addressed by Navy witnesses and gathers all pertinent data necessary for the furtherance of the Navy's interests in establishing utility rates.
- Prepares testimony, exhibits, surrebuttal testimony, or any other financial, accounting, or engineering economics schedules as necessary to present the best case.
- Strives to resolve contested issues through collaboration and settlement where appropriate.
- Provides technical assistance to Navy legal counsel in litigation of utility matters.
- Reviews and analyzes interim and final opinions, orders, and court decisions, and determines cost avoidance and appropriate future actions.
- Conducts cost of service or other special rate studies dealing with utility economics and operations, and provides technical advice on utility rates for Navy's negotiations.

**RESPONSIBILITIES OF NAVFACENGCOM ACTIVITIES
IN SUPPORT OF NAVY UTILITY RATES AND STUDIES OFFICE**

- Within their geographical areas, NAVFACENGCOM activities shall monitor proposals for utility rate changes and shall immediately notify NAVFACENGCOM URASO of same, so as to maximize the time it needs to perform the necessary analysis.
- The affected activity shall forward at least one copy of each proposal/application and other supporting data submitted by the utility to the contracting officer to URASO in the most expeditious way. If the rates involved are subject to regulation, known information should be forwarded even before receipt of the documents.
- Where non-regulated utility rate proposals are submitted directly to an activity, the activity shall immediately forward to URASO complete copies of all documents received for analysis and determination of the degree of support that can be provided to the activity in a timely manner.
- Activities shall provide URASO, upon request, with the activity's operating statistics and copies of the bills or other data pertinent to the services of the utility involved.