



The Case for Army Utilities Privatization (UP)

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Utilities Privatization (UP) Program



UP improves readiness by leveraging industry expertise and financing to upgrade and sustain utilities for safe, efficient mission support.

- **145 out of 356 U.S. systems privatized (41%):**
42 Electric, 34 Gas, 34 Water, 33 Wastewater, (+2 Heat/Power)
- **28% “Should-Cost” avoidance**
\$2.9 B Net Present Value saved compared to continued Army ownership

- ✓ **Affordable**
- ✓ **Resilient**
- ✓ **Efficient**
- ✓ **Safe**



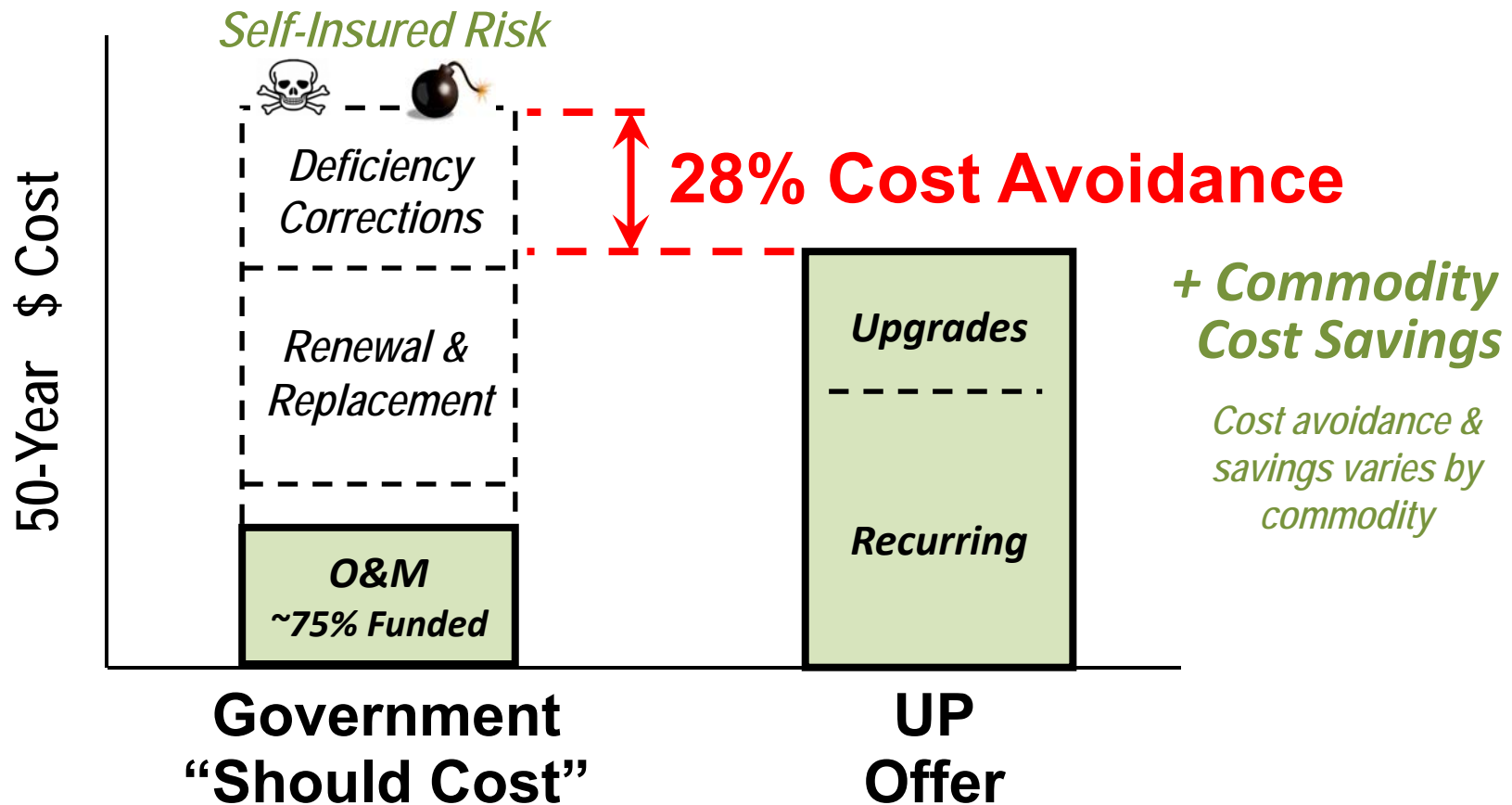


UP Evaluation Decision



Selects best option for FULL Sustainment

Reduced risks + commodity savings are added benefits





Fort Belvoir
FY09 UP

Backlog



**... threatens
readiness,
mission, health,
safety &
environment**



Risk Management



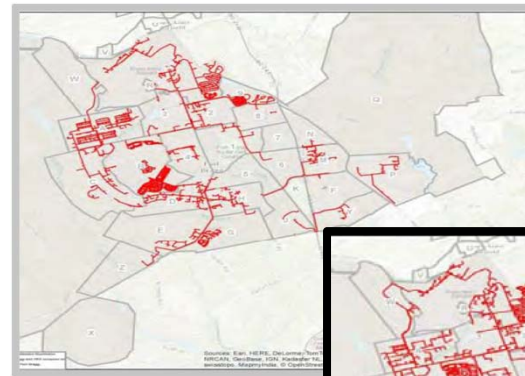
Fort Benjamin Harrison 1990 Gas Explosion 2 killed, 27 injured



Senate (Markey) Report:

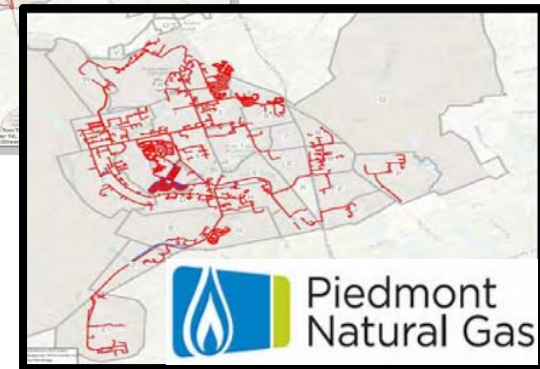
- 796 gas incidents 2002 to 2012:
116 fatalities, \$811M in damage
- Cast iron or bare steel mains:
leak 18x more gas than plastic pipe
and 57x more than protected steel.

Fort Bragg 💣 FY13 Gas UP:



*Missing
Inventory*

Actual



366 Leaks Detected

92 Grade 1 Leaks Fixed



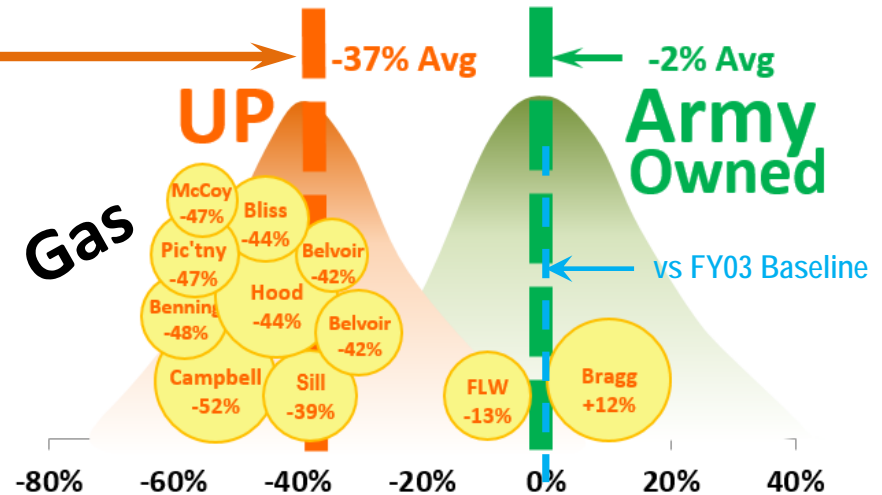
FY17 Net UP Performance



35% less Gas use

(and 33% less Oil use)

@ 19 Gas UP sites

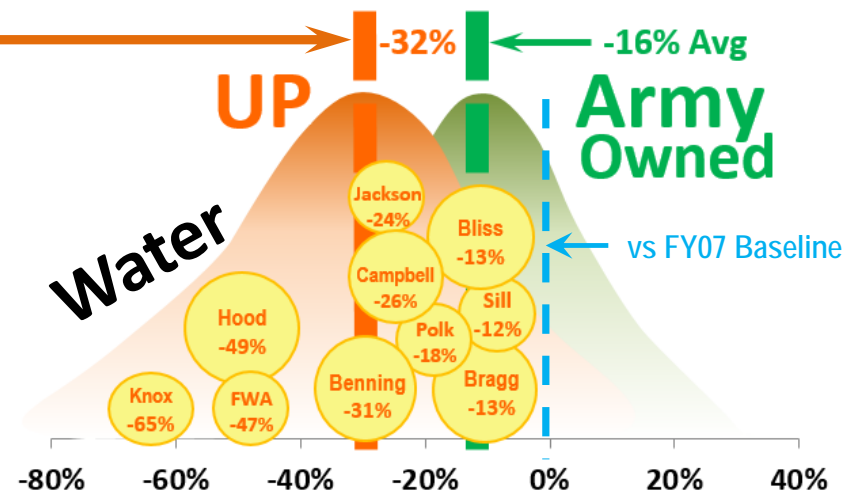


3% Electric saved per sq.ft.

@ 23 UP sites

16% less Water use

@ 21 UP sites

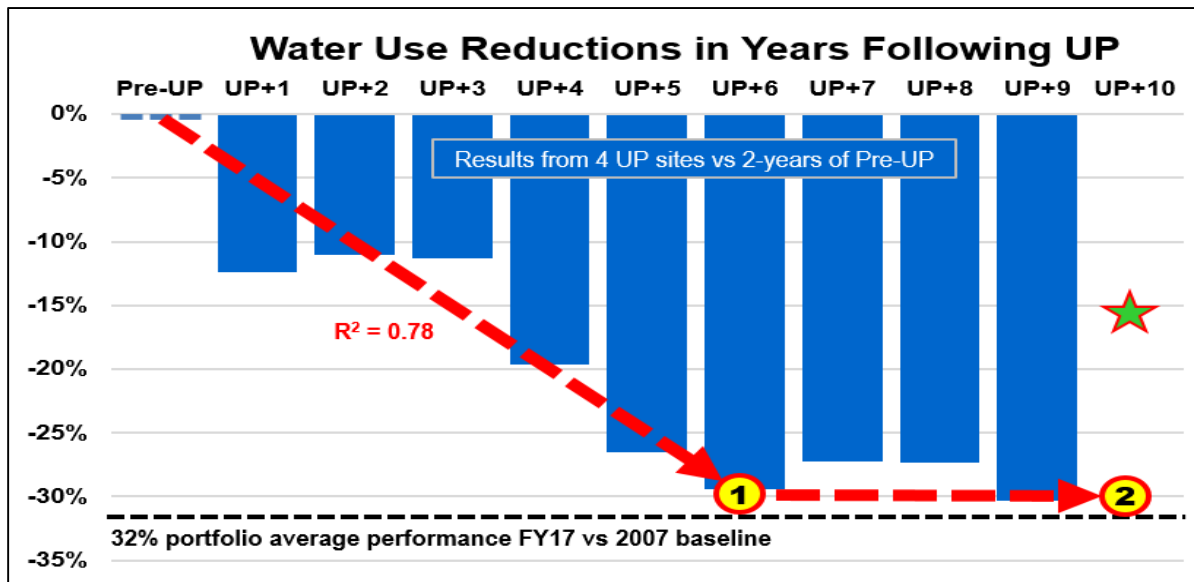
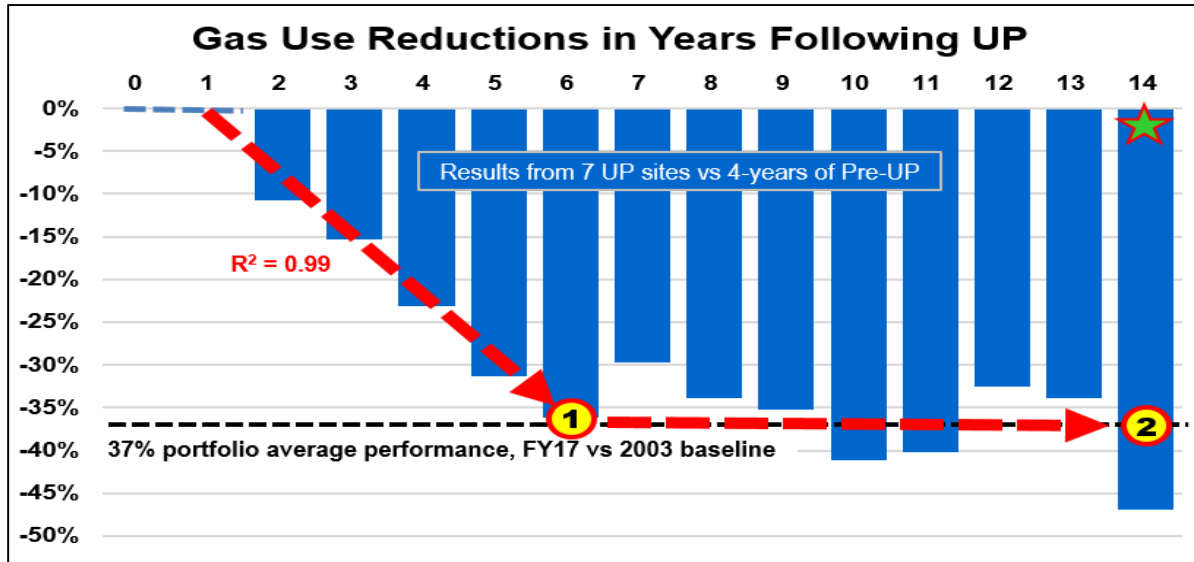


\$50 M/yr cost avoidance

Top-10 users shown, sized proportionate to usage.



UP Performance Over Time



UP savings over time:

- 1 Initial System Deficiency Correction Projects
- 2 Performance sustained by Renewal & Replacement

7 gas UP systems have 14-years of metered results...
ALL 7 cut gas use >30%

★ Average commodity savings for Army-owned systems over the same time period; FY17 vs baseline (FY03 gas, FY07 water).

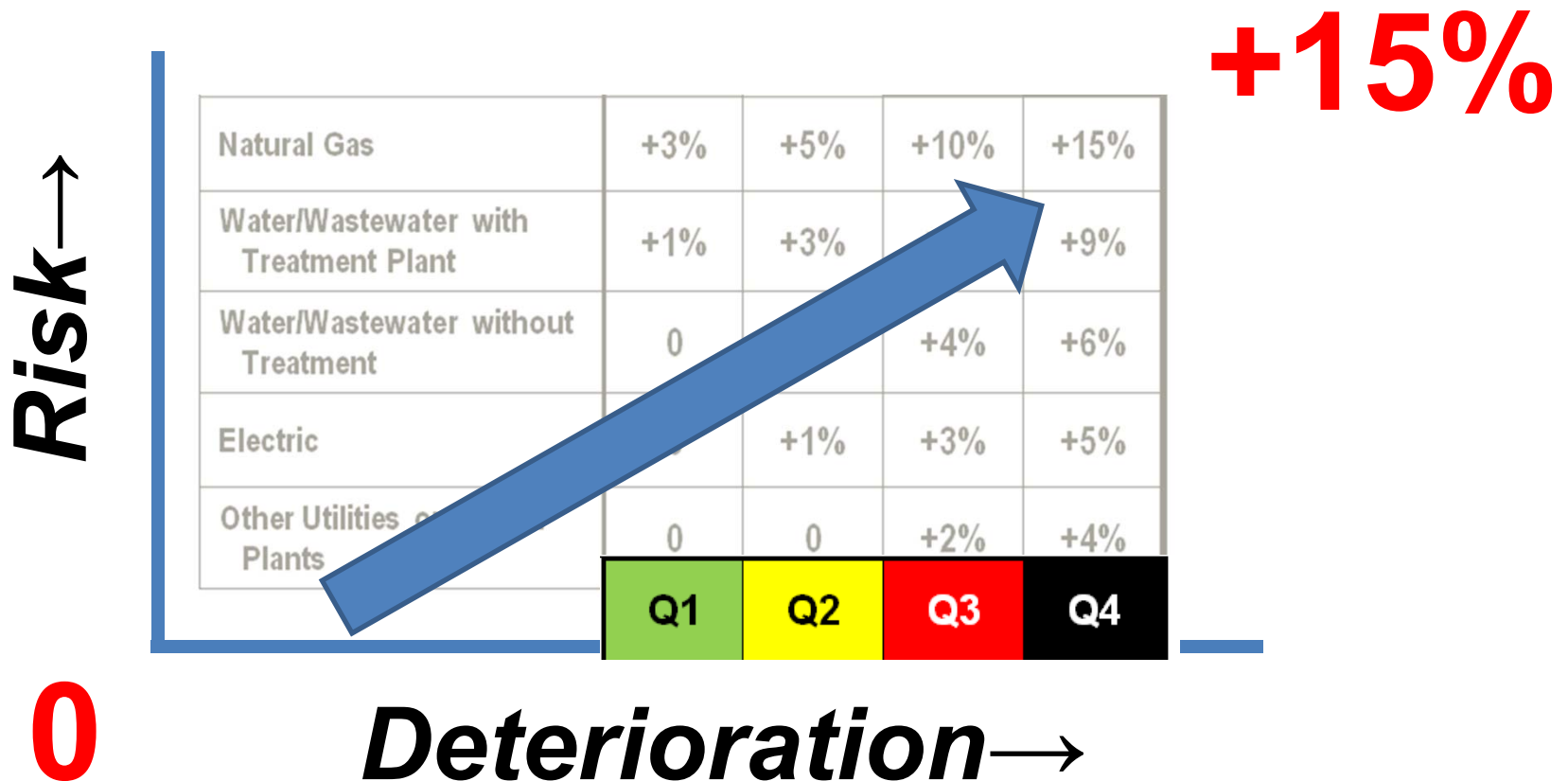


Army Conveyance Policies



10 USC §2688 conveyance authority delegation:

- *Adjusts for condition & risk (Nov'14)*
- *Consider Energy Security & other factors (Apr'16)*





Army UP Plan



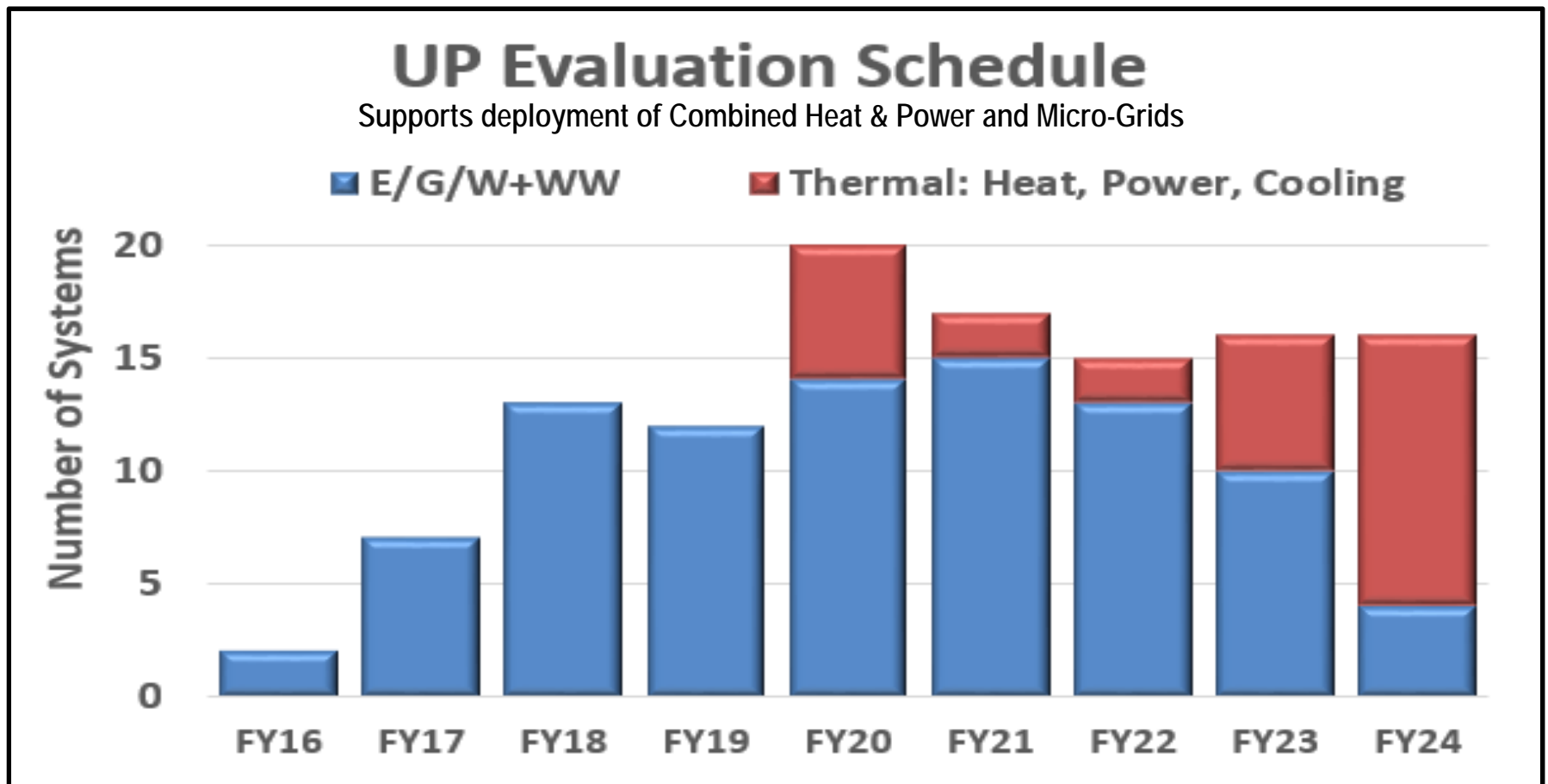
Strategic investments for critical missions

14 Gas Systems

78 @ Q3/Q4

28 Thermal Systems

4 CHP



Utilities Privatization

145 U.S. Privatized Systems

Aberdeen PG: E,G,W+WW	McNair & Myer: E,G
Aberdeen (Edgewood): E,G	Meade: E,G,W+WW
Adelphi Lab: G	Natick Lab: E,G
Arlington Nt'l Cemetery: E	Oahu, Schofield Barracks: WW
A.P. Hill: E,W+WW	Ord Community: E,G,W+WW
Belvoir: E,G,W+WW	Parks RFTA: E,G,W+WW
Benning: E,G,W+WW	Picatinny Arsenal: E,G,W+WW
Bliss: E,G, W+WW	Pickett: E,W
Blue Grass AD: E,G	Polk: E,W+WW
Bragg: E,G,W+WW	Presideo of Monterey: E,G,W+WW
Campbell: E,G,W+WW	Red River AD: E,W+WW
Detrick: G	Redstone Arsenal: WW
Detroit Arsenal: G	Riley: E,W+WW
Devens: E,G,W+WW	Rucker: E,G,W+WW
Gillem: E,G,W+WW	Sierra AD: E,G
Gordon: E,G,W+WW	Sill: G,W+WW
Greely: E,W+WW,P	Stewart: E; G @sub-post
Hawaii: W	Sunny Point MOT: E
Hood: E,G,W+WW	Tooele AD: G
Huachuca: E	Vancouver Barracks: G
Hunter AAF: E	Watervliet G
Irwin: E,W+WW	Wainwright: E,W+WW,P
Jackson: W+WW	West Point: E
Knox: E,W+WW	Yakima Training Center: G
Leavenworth: E,W+WW	<u>Excludes 22 Joint Base & BRAC Systems:</u>
Lee: E,W+WW	Dix: E,G
Leonard Wood: E,G	Eustis & Story: E,G,W+WW
Letterkenny AD: W+WW	Monmouth: G
Lewis: G	Monroe: E,W+WW
McCoy: E,G	Richardson: E,G,W+WW,P
	Sam Houston: E,G
	Walter Reed AMC: G

E = electric G = natural gas W = water WW = wastewater
THERMAL: P = power H = heat C = chilled water

UP Decision Schedule

ACSIM Memo 30 Nov 17

FY18

Jackson: E,G
 JB Lewis-McChord: E,W&WW
 Riley: G
 USAG West Point: W&WW
 Pine Bluff Arsenal: G
 Leonard Wood: W&WW
 Oahu & Schofield Barracks: E

FY19

Buchanan: E,W&WW
 Oahu & Schofield Barracks: W
 Humphries Engineer Center: E
 McNair: G
 Yuma Proving Ground: E,W&WW
 JBMHH & ANC: W&WW

FY20

Redstone Arsenal: E,G,W,H,P
 USAG West Point: H,P,C
 APG (Edgewood): W&WW
 Watervliet Arsenal: E,W&WW,H
 Tobyhanna AD: W&WW
 Carson: E,G,W&WW

FY21

Pohakuloa Training Area: E
 Rock Island Arsenal: E,G,W&WW
 Rock Island Arsenal: C
 White Sands MR: E,G,W&WW
 Detrick: E,W&WW
 USAG Kwajalein Atoll: E,W&WW,P

FY22

Lee: G
 Dugway Proving Ground: E,W&WW
 Radford AAP: E,G,H,W&WW
 Hunter-Liggett: W&WW
 Tooele Army Depot: E,W&WW,P

FY23

Drum: E,G
 Aberdeen Proving Ground: P,H,C
 Scranton AAP (AMC): E,W&WW
 Hunter-Liggett: E,G
 Belvoir: H
 Leonard Wood: C
 Sill: E,C
 Adelphi Labs: W&WW

FY24

Hunter Army Airfield: H,C
 Soldier Systems Center: H,C
 Parks RFTA: E,G
 Polk: H
 Hood: C
 Yakima Training Center: E
 Myer: H,C
 Adelphi Lab: E,C
 Campbell: C
 Carson: C
 Irwin & NTC: C