OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

AUG 1 3 2007

In reply refer to
CPF Tracking Number: 2007-00007

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (ACQUISITION, LOGISTICS AND TECHNOLOGY)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Utilities Privatization - Class Deviation from FAR Part 31

Under the authority in FAR 1.402 and 1.404(b), and DFARS 201.404, I hereby authorize a class deviation for certain contracts awarded in conjunction with the conveyance of a utility system under 10 U.S.C. 2688, "Utility Systems, Conveyance Authority." To qualify for the deviation, the contract must meet the conditions detailed in Attachment A.

This class deviation applies to all qualified contracts awarded for the date of this deviation through August 31, 2010. This class deviation supersedes the class deviation issued on October 20, 2004.

The Head of the Contracting Agency shall report to this office, on a quarterly basis (beginning with the quarter ending September 30, 2007), any contracts awarded that use this deviation in accordance with this memorandum. The report shall be submitted within 30 days of the end of the quarter and shall include, at a minimum, the following information:

1. Contract number
2. Contractor name
3. Date of contract award
4. Amount of contract award

Any questions concerning this memorandum should be addressed to Ms. Pat West, at 703-602-8387 or via e-mail at Pat.West@osd.mil.

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Attachments:
A. Deviation from FAR Part 31 - Contract Price Principles and Procedures
B. 10 U.S.C. 2324(e) - Specific Costs Not Allowable