

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE K		PAGE OF PAGES 1 of 14	
2. AMENDMENT/MODIFICATION NO. 0007		3. EFFECTIVE DATE September 8, 2000		4. REQUISITION/PURCHASE REQ. NO. SCO600-00-0697	
6. ISSUED BY DEFENSE ENERGY SUPPORT CENTER 8725 JOHN J. KINGMAN ROAD, SUITE 4950 FT. BELVOIR, VA 22060-6222 FAX (703) 767-8757 BUYER/SYMBOL - MIKE WHITE/DESC-APP PHONE (703) 767-9653 P.P. 8.2		SCO600		7. ADMINISTERED BY (If other than Item 6) CODE	
8. NAME AND ADDRESS OF CONTRACTOR (NO., street,city,county,State,and ZIP Code)			X	9a. AMENDMENT OF SOLICITATION NO. SP0600-00-R-0009	
				9b. DATED (SEE ITEM 11) January 19, 2000	
			10a. MODIFICATION OF CONTRACT/ORDER NO.		
			10b. DATED (SEE ITEM 13)		
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS					
<p>[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [] is extended, [X] is not extended</p> <p>Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning <u>1</u> copies of the amendment;(b) By acknowledging receipt of this amendment on each copy of the offer submitted; or(c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.</p>					
12. ACCOUNTING AND APPROPRIATION DATA (If required)					
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.					
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. I2.05 CHANGES-FIXED PRICE (AUG 87)					
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)					
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 43.01					
OTHER (Specify type of modification and authority)					
E. IMPORTANT: Contractor [] is not, [] is required to sign this document and return _____ copies to the issuing office.					
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)					
See Attached.					
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.					
15A. NAME AND TITLE OF SIGNER (Type or print)			16A. NAME OF CONTRACTING OFFICER JACOB R. MOSER		
15B. NAME OF CONTRACTOR/OFFEROR BY (Signature of person authorized to sign)		15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)		16C. DATE SIGNED

This Amendment is issued to incorporate the following changes:

Page 1 of DD Form 1707, item 4 – add to end of sentence “Spofford AAF (electric only) and Sequin AAF (electric and potable water only)

- A. **Page 10 B.2.1 first paragraph second sentence.** Change Spofford Auxillary Field to Spofford Auxiliary Field.

- B. **Page 12 Schedule B-1.1 Sequin AAF Water System** – Change Contract Line Item Number (CLIN) from 0037 to 0038.

The following changes are associated with Attachment J19 Randolph AFB Electric Distribution System.

- C. **Paragraph J19.2.1** - delete the first bullet that states, Parking lot and security lights that are fed directly from buildings

- D. **Paragraph J19.3** - delete the entire third bullet stating:
 - The Contractor shall provide monthly meter reading reports IAW Paragraph J19.6, and that meet the following requirements:
 - Randolph Energy Manager-Meter books with monthly consumption and demand (if applicable) meter readings shall be kept. Meter books shall also include building and meter number. Also need total monthly consumption, rate schedule, points of contact for meter questions, procedures for converting meter reads into consumption (including multipliers) and copy of contract and changes to it.
 - Utility Resources Coordinator - Monthly voucher and/or billing statement with meter consumption and charges of each meter are needed to certify payment to DFAS-SA. A listing of all meters and building numbers is needed to consolidate consumption and charges for monthly consolidating reports to each customer. The multiplier, demand (kW), peak charges and any special/specific charges accrued for the month.

E. **Paragraph J19.3** - second to last bullet, change bullet to read as follows:

- The Contractor shall provide monthly meter reading reports IAW Paragraph J19.6, and that meet the following requirements:

The Contractor shall keep meter books with monthly consumption and demand (if applicable) for each meter reading. Meter books shall also include building address or facility number, location of meter, meter number, previous month reading, current month reading, number of days between readings, multipliers for each meter, total monthly consumption, signature or name of meter reading with phone number. In addition, points of contact for meter questions and procedures for converting meter reads into demand and consumption shall be provided. The Contractor shall coordinate with the Government to determine the format(s) for the meter books to be delivered. At a minimum, the information will be available electronically and compatible with Microsoft Excel.

F. **Paragraph J19.5 - Secondary Metering**, add the following sentence to the end of the paragraph:

All new electric meters installed, including replacement meters, shall have the capability for logging the maximum demand and cumulative demand information.

G. **Paragraph J19.5.2** - Table 6, 6th Entry, delete all references to Vending Machines.

H. **Paragraph J19.6** - Item 3, Meter Reading Report, change the third sentence to read:

Meters shall be read within 24 hours of the Contractor's designated read date. Meter reports shall be submitted to the government within 7 calendar days after the meters are read.

The following changes are associated with Attachment J20 Randolph AFB Natural Gas Distribution System

I. **Paragraph J20.2.1.1** - Description, third paragraph, second sentence, delete the word "Valero"

J. **Paragraph J20.3** - replace the second bullet with the following:

- The Contractor shall provide monthly meter reading reports IAW Paragraph J20.6, and that meet the following requirements:

The Contractor shall keep meter books with monthly consumption and demand (if applicable) for each meter reading. Meter books shall also include building address or facility number, location of meter, meter number, previous month reading, current month

reading, number of days between readings, multipliers for each meter, total monthly consumption, signature or name of meter reader with phone number. In addition, points of contact for meter questions and procedures for converting meter reads into demand and consumption shall be provided. The Contractor shall coordinate with the Government to determine the format(s) for the meter books to be delivered. At a minimum, the information will be available electronically and compatible with Microsoft Excel.

K. Paragraph J20.3 - last bullet, replace the entire bullet with the following:

- The Contractor shall provide monthly meter reading reports IAW Paragraph J19.6, and that meet the following requirements:
 - Randolph Energy Manager—Meter books with monthly consumption and demand (if applicable) meter readings shall be kept. Meter books shall also include building and meter number. Also need total monthly consumption, rate schedule, points of contact for meter questions, procedure for converting meter reads into consumption (including multipliers) and copy of contract and changes to it.
 - Utility Resources Coordinator – Monthly voucher and/or billing statement with meter consumption and charges of each meter are needed to certify payment to DFAS-SA. A listing of all meters and building numbers is needed to consolidate consumption and charges for monthly consolidating reports to each customer. The multiplier, demand (kW), peak charges and any special/specific charges accrued for the month.

L. Paragraph J20.5 - Secondary Metering, add the following sentence to the end of the paragraph:

All new natural gas meters installed, including replacement meters, shall have the capability for logging the maximum demand and cumulative demand information.

M. Paragraph J20.6, Item 3, Meter Reading Report, change third sentence to read:

Meters shall be read within 24 hours of the Contractor's designated read date. Meter reports shall be submitted to the government within 7 calendar days after the meters are read.

The following changes are associated with Attachment J21 Randolph AFB Water Distribution System.

N. **Paragraph J21.2.1.2 - Inventory**, Table 2, Replace Quantity Entries as follows:
First item under PVC Pipe, 2.00 inch, change quantity from 8,800 lf to 1,300 lf. Add a new line item under PVC Pipe, 6.00 inches, 5,800 lf, Weighted Year of Construction, 1999.

O. **Paragraph J21.3 - second bullet**, change to read as follows:

- The Contractor shall provide monthly meter reading reports IAW Paragraph J21.6, and that meet the following requirements:

The Contractor shall keep meter books with monthly consumption and demand (if applicable) for each meter reading. Meter books shall also include building address or facility number, location of meter, meter number, previous month reading, current month reading, number of days between readings, multipliers for each meter, total monthly consumption, signature or name of meter reader with phone number. In addition, points of contact for meter questions and procedures for converting meter reads into demand and consumption shall be provided. The Contractor shall coordinate with the Government to determine the format(s) for the meter books to be delivered. At a minimum, the information will be available electronically and compatible with Microsoft Excel.

P. **Paragraph J21.3 - last bullet**, replace the entire bullet with the following:

- Utility Resources Coordinator – Monthly voucher and/or billing statement with meter consumption and charges of each meter are needed to certify payment to DFAS-SA. A listing of all meters and building numbers is needed to consolidate consumption and charges for monthly consolidating reports to each customer. The multiplier, demand (kW), peak charges and any special/specific charges accrued for the month.

Q. **Paragraph J21.5 - Secondary Metering**, add the following sentence to the end of the paragraph:

All new water meters installed, including replacement meters, shall have the capability for logging the maximum demand and cumulative demand information.

R. **J21.6 - Item 3**, Meter Reading Report, change the third sentence to read as follows:

Meters shall be read within 24 hours of the Contractor's designated read date. Meter reports shall be submitted to the government within 7 calendar days after the meters are read.

S. **Attachment J40 - (Example of Completed Schedule B-2)** is also incorporated by this amendment.

ATTACHMENT J40

Example Completion of Schedule B-2

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ATTACHMENT J40
Example Completion of Schedule B-2

The following example is provided as a demonstration of one method to complete Schedule B-2, *Utility Service Payment by the Government*. Any resemblance to conditions or costs at any U.S. Air Force Base is strictly coincidental. Similarly, any resemblance of the hypothetical bidder/offeror in this example to existing entities is strictly coincidental. **Offerors are advised not to place any importance on values used or assumptions made in this example.**

J40.1 Background of Example

The Air Force is considering privatizing the water utility system at one of its bases (Example AFB). It plans to complete the privatization in Year 2001. The Air Force has issued an RFP that, among other things, requires Offerors to complete Schedule B-2 presented in Section B of this RFP.

An interested party, Party X, reviews the RFP and decides to submit a proposal for the water system. In preparing its proposal, Party X conducts a system evaluation and determines the following:

1. The average monthly system operating cost needing to be recovered from the Air Force is \$25,000. This amount includes recovery of operation, maintenance, repair, administration, and general costs. These costs are considered fixed in that they do not vary with the load on the system.
2. The value of the water utility system is \$7,000,000.
3. The system has excess capacity that is potentially usable for customers other than the Air Force. The value of this excess capacity is 15 percent of the existing system value.
4. There are a number of physical and functional deficiencies in the system. To correct these deficiencies, two upgrades are required. The first will cost \$1 million and take 8 months to complete and the second will cost \$1.5 million and take 11.5 months to complete.
5. In addition to the remedies to system deficiencies, there will be a need for continuing renewals and replacements as other plant and equipment wears out with time. Party X prepares a 50-year schedule for renewals and replacements beyond those needed to remedy system deficiencies in accordance with Section L.9.6 of the RFP. The schedule includes no costs in some years and substantial costs in other years. Party X also projects the value of the utility system at the end of 50 years of ownership and operation.
6. Beyond correction of physical and functional deficiencies and normal renewals and replacements, no other improvements of the system are anticipated.
7. The system is in good enough condition that purchase costs can be amortized over 15 years. The risk associated with this investment requires a return of 3.0 percentage points above the interest rate on 30-year U.S. Treasury Bonds.
8. Costs associated with remedies of system deficiencies can be amortized over 25 years. The risk associated with this investment requires a return of 3.15 percentage points above the interest rate on 30-year U.S. Treasury Bonds.
9. The desired service response times are within Party X's standard operating procedures.

In developing these factors, Party X has included all required margins and returns.

In this example, it is assumed that the interest rate on 30-year U.S. Treasury Bonds in effect at the time of award will be 6.0 percent.

J40.2 Schedule B-2 Calculations

This section describes calculations that Party X could make in completing Schedule B-2. Although this would be one reasonable way to complete the schedule, other logical approaches could be taken.

SCHEDULE B-2

Utility Service Payment by the Government

(Installation Name)

CLIN	Utility System			
Sub-CLINs	SUPPLIES/SERVICES	UNIT	MONTHLY SERVICE CHARGE	TOTAL CONTRACT AMOUNT
AA	Monthly Credit as Payment for Purchase Price. Dollar amount shown shall include all applicable Taxes (see B.5.2.1, <i>Monthly Credit as Payment for Purchase Price</i>). \$ <u>7,000,000</u> amortized over the first <u>180</u> months of service at an interest rate that is (specify either of the following) <u>3.0</u> percentage points above or percentage points below the annual interest rate on U.S. Treasury Bonds in effect at the time of award. ^{a,b,c}	MO	\$ <u>(70,999)</u>	\$ <u>(12,779,820)</u>
AB	Fixed Monthly Charge (see B.5.2.2, <i>Service Charges</i>) The Contractor shall provide utility service in accordance with Section C, <i>Descriptions, Specifications, and Work Statement</i> . ^{d,e}	MO	\$ <u>80,839</u>	\$ <u>48,503,314</u>
AC	Monthly Credit to the Government for Delayed Response Times When Servicing the Utility System. (See B.5.2.3, <i>Monthly Credit to the government</i>). ^f \$ <u>1,000</u> /hour			

^a The Purchase Price (Sub-CLIN AA), interest rate, and amortization period are proposed by the Offeror.

^b The interest rate on U.S. Treasury Bonds (30-years) is as established in the most recent 30-year bond issue prior to the date of award, and published in the Federal Register. (<http://www.federalreserve.gov/releases/H15/update/>)

^c The total contract amount is calculated by multiplying the monthly service charge by the number of months over which the purchase price is amortized.

^d The Offeror should enter the Fixed Monthly Charge, as computed in Schedule L-1. Additions to the Fixed Monthly Charge will be handled in accordance with Section H.10 and Schedule L-3, but should not be included in the price offered for Sub-CLIN AB.

^e The total contract amount is calculated by multiplying the monthly service charge by 600.

^f For proposal purposes the Offeror shall propose only a dollar per hour credit to the Government. During contract performance the hours per month will be determined for each month of service and the total monthly credit will be calculated and credited against the monthly invoice.

J-40.2.1 Sub-CLIN AA Calculation

Party X proposes a purchase price of \$7 million (from J40.1, item 2), with payment of this purchase price over 15 years (180 months) at an annual interest rate equal to the interest rate on U.S. Treasury Bonds plus 3.0 percent (from J40.1, item 7). With 30-year U.S. Treasury Bonds carrying an interest rate of 6.0 percent, the total annual interest rate used to calculate the amortization of the purchase price would be 9.0 percent. As implied in Schedule B-2, the monthly interest rate used to calculate the monthly amortization payment is the annual interest rate divided by 12. In this example, the monthly interest rate is 0.75 percent (i.e., 9 percent/12 months). Accordingly, the monthly credit as payment is \$70,999. Credit over the life of the contract would be \$12,779,820 (\$70,999/month x 180 months).

J-40.2.2 Sub-CLIN AB Calculation

Use Schedule L-1, *Calculation of Fixed Monthly Charge*, to calculate the Fixed Monthly Charge. The numbers entered in Sub-CLIN AB come from the last line in Schedule L-1.

Schedule L-1, Line 1 – Operations and Maintenance (O&M): The proposed monthly rate for operating the system (operation, maintenance, repair, administration, and general costs) is \$25,000 per month (from J40.1, item 1), which is \$15,000,000 (\$25,000 x 600 months) over the 50-year life of the contract.

Schedule L-1, Line 2 –Renewals & Replacements (R&R): In order to calculate this Monthly Charge, Party X considered its projected schedule of renewal and replacement expenditures (beyond those made to remedy system deficiencies), as outlined in Schedule L-2, and the system’s residual value at the end of 50 years (from J40.1, item 5). As discussed in more detail below, Party X calculated the present value (PV) of the projected renewal and replacement cash flow less a credit for residual system value. In making this present value calculation, Party X used its long-term cost of capital at the time it submitted its proposal (i.e., 9.15 percent per year; 0.7625 percent per month). Party X then amortized the present value amount over 600 months (50 years) at its monthly interest rate to obtain a Monthly Charge of \$55,839. This is multiplied by the number of months in the contract for the Total Contract Amount (\$55,839 x 600 = \$33,503,314). *[This approach is one of several possibilities potential bidders could use.]*

Schedule L-1 - Calculation of Fixed Monthly Charge

Component	Monthly Charge	Total Contract Amount
1. Operations and Maintenance (O&M)	25,000	15,000,000
2. Renewals & Replacements (R&R) (use Schedule L-2 to compute)	55,839	33,503,314
Total Fixed Monthly Charge (to be entered in Sub-CLIN AB)	80,839	48,503,314

SCHEDULE L-2
 RENEWALS AND REPLACEMENTS SCHEDULE
 50-Year Schedule

<u>Year</u>	<u>R&R Price (\$1,000)</u>	<u>Description of Renewal or Replacement</u>
2001	-----	None
2002	-----	None
2003	-----	None
2004	-----	None
2005	-----	None
2006	-----	None
2007	-----	None
2008	-----	None
2009	-----	None
2010	13,000	Replace system cast iron pipe with PVC - Expected life: 50 years; Replace transite - Expected life: 50 years
2011	-----	None
2012	-----	None
2013	-----	None
2014	-----	None
2015	4,667	Replace fire hydrants - Expected life: 50 years
2016	-----	None
2017	2,400	Replace underground storage tanks - Expected life: 75 years
2018	-----	None
2019	-----	None
2020	-----	None
2021	-----	None
2022	-----	None
2023	-----	None
2024	-----	None
2025	-----	None

2026	-----	None
2027	-----	None
2028	-----	None
2029	-----	None
2030	-----	None
2031	31	Replace Well A - Expected life: 75 years
2032	-----	None
2033	17	Replace Well B - Expected life: 75 years
2034	-----	None
2035	733	Replace galvanized iron pipe with PVC - Expected life: 50 years
2036	-----	None
2037	-----	None
2038	-----	None
2039	11	Replace Well C - Expected life: 75 years
2040	3,267	Replace Section 100 and 200 Pipe - Expected life: 50 years
2041	-----	None
2042	16	Replace Well D - Expected life: 75 years
2043	-----	None
2044	-----	None
2045	467	Replace ductile iron pipe - Expected life: 75 years
2046	-----	None
2047	33	Replace Well E - Expected life: 75 years
2048	15	Replace Well F - Expected life: 75 years
2049	-----	None
2050	-----	None

A summary of the cash flow, present value calculations, and residual value calculationⁱ are shown in Table J40-1.

The Net Present Value (NPV) of Renewal and Replacements was calculated by subtracting the PV of the total Residual Value in Year 50 from the PV of the R&R cash flow:

$$\begin{aligned} \text{NPV of R\&Rs} &= \text{PV of R\&R Price} - \text{PV of total Residual Value in Year 50} = \\ &= 7,359.5 - 113.2 = 7,246.3 \end{aligned}$$

The Monthly Charge for Renewal and Replacements was then calculated by amortizing the Net Present Value (NPV) of Renewal and Replacements (\$7,246.3) over the length of the contract at Party X's long-term interest rate. In this example, with a contract period of 600 months and a long-term annual interest rate of 9.15 percent (i.e., 0.7625 percent per month), a monthly payment of \$55,839 will fund all Renewal and Replacements and leave a residual value of approximately \$9,012,900 in Year 50. It is implicitly assumed that the residual value will be collected either through charges in a subsequent contract or through a contract termination payment.

**Table J40-1 - Calculation of "Renewals and Replacements" Value for Schedule L-1
(Dollar Amounts in Thousands (\$1,000))**

<u>Year</u>	<u>Description of Renewal or Replacement</u>	<u>R&R Price</u>	<u>Present Value of R&R Price</u>	<u>Equation for Residual Value</u>	<u>Residual Value in Year 50</u>
2010	Replace system cast iron pipe with PVC; Replace transite	13,000	5,416.3	13,000 * (10 / 50)	2,600.0
2015	Replace fire hydrants	4,667	1,255.1	4,667 * (15 / 50)	1,400.1
2017	Replace underground storage tanks	2,400	541.8	2,400 * (42 / 75)	1,344.0
2031	Replace Well A	31	2.1	31 * (56 / 75)	23.1
2033	Replace Well B	17	0.9	17 * (58 / 75)	13.1
2035	Replace galvanized iron pipe with PVC	733	34.2	733 * (35 / 50)	513.1
2039	Replace Well C	11	0.4	11 * (64 / 75)	9.4
2040	Replace Section 100 and 200 Pipe	3,267	98.4	3,267 * (40 / 50)	2,613.6
2042	Replace Well D	16	0.4	16 * (67 / 75)	14.3
2045	Replace ductile iron pipe	467	9.1	467 * (70 / 75)	435.9
2047	Replace Well E	33	0.5	33 * (72 / 75)	31.7
2048	Replace Well F	15	0.2	15 * (73 / 75)	14.6
Totals			7,359.5*	-----	9,012.9*
Present Value of Residual Value in Year 50			-----	-----	113.2

*Values may not add precisely to the total shown due to rounding.

ⁱ Residual value calculations assume straight-line depreciation and no salvage values for all R&R investments. The equation used to calculate the residual values in Year 50 was:

$$\text{Residual Value in Year 50} = \text{R\&R Price} * (\text{Part's Remaining Life in Yr 50} / \text{Part's Expected Life})$$

J-40.2.3 Sub-CLIN AC Calculation

The Offeror determines that managing the utility system to meet the response times of the contract is achievable (from J40.1, item 9) and proposes to credit the government \$1,000 per hour for exceeding the response times.

J40.3 Example Schedule L-3 Calculations

Schedule L-3, Line 1 – Initial Capital Upgrades (from J40.1, item 4) - Party X proposes a Monthly Charge of \$8,495 for completing upgrade Project 1. This was calculated by amortizing \$1.0 million over 25 years (300 months) at a monthly rate of 0.7625 (annual interest rate of 9.15 percent—6.0 percent plus 3.15 percent—divided by 12). If and when Project 1 is completed (for this example it is assumed the Project will be completed in month 8 as proposed), the Monthly Charge for the project (\$8,495) will be added to the Fixed Monthly Charge for the number of months over which the project will be amortized (300). These numbers are **not** entered anywhere in Schedule B-2. Similarly, the Monthly Charge for upgrade Project 2 (\$12,742) is calculated by amortizing \$1.5 million over 25 years (300 months) at a monthly rate of 0.7625. If and when Project 2 is completed (assume month 12, as proposed), the Monthly Charge for that project will be added to the Fixed Monthly Charge for the number of months over which that Project will be amortized (300). As with Project 1, these numbers are **not** entered anywhere in Schedule B-2.

Schedule L-3, Line 2 – Recoverable Portion of the Purchase Price (from J40.1, item 3) - This calculation is based on an allocation of 85 percent of the purchase price to the Air Force and 15 percent of the purchase price to uses other than for the Air Force. In this example, the amortization period and interest rate proposed are the same as for the payment by Party X to the Air Force for the utility system. Accordingly, Party X proposes to charge the Air Force 85 percent of the purchase payments that it is making to the Air Force. As with the Initial Capital Upgrades, this number is not entered anywhere in Schedule B-2.

Schedule L-3 - Additions to the Fixed Monthly Charge

Component Name	Component Cost	Interest Rate	First Full Month Project Will Be in Service	# of Months to Amortize Component	Monthly Charge
1. Initial Capital Upgrades					
Project 1	1,000,000	9.15	9	300	8,495
Project 2	1,500,000	9.15	13	300	12,742
2. Recoverable Portion of Purchase Price	5,950,000	9.00	NA	180	60,349

J40.4 Calculation of Monthly Payments

The monthly payment (i.e., what the utility service provider gets paid) for each month of the contract period is listed in the last (i.e., seventh) column of Table J40-2. It is the sum of columns 2 through 6 (the fixed and variable portions of the Monthly Service Charge). Initially, this would be \$70,189. It would increase to \$78,684 in Month 9, the first full month that upgrade Project 1 will be in service, then to \$91,426 in month 13, the first full month that upgrade Project 2 will be in service. In month 181, after the purchase price of the utility system is fully amortized, the monthly payment will increase to \$102,076. Then in Months 309 and 313, when upgrade Projects 1 and 2 are fully amortized, the monthly payment will fall to \$93,581 and \$80,839, respectively. It will remain at \$80,839 for the remainder of the contract period.

Table J40-2 - Calculation of the Monthly Payment for Each Month of the Contract Period

(1) Months of Contract	(2) Credit for Purchase Price (Sub-CLIN AA)	(3) Fixed Portion of Monthly Service Charge (Sub-CLIN AB)	Additions to the Fixed Monthly Charge			(7) Monthly Payment to Contractor
			(4) Project 1	(5) Project 2	(6) Recoverable Portion of Purchase Price	
1-8	-70,999	80,839	0	0	60,349	70,189
9-12	-70,999	80,839	8,495	0	60,349	78,684
13-180	-70,999	80,839	8,495	12,742	60,349	91,426
181-308	0	80,839	8,495	12,742	0	102,076
309-312	0	80,839	0	12,742	0	93,581
313-600	0	80,839	0	0	0	80,839

T. Attachment J60 - Seguin AAF ROW Exhibits, Part 1, Exhibit B, Electric Distribution System Points of Demarcation, change the paragraph to read as follows:

The points of demarcation (where ownership starts and stops) for the service line to the fire station is the load side of the current electric provider’s disconnect switch on the utility pole (where the service enters the site) and line side of the disconnect switch at the fire station. If a disconnect switch does not exist, the Contractor shall install one on the exterior of the fire station. For the other service line, the points of demarcation is the load side of the current electric provider’s transformer on the utility pole (where the service enters the site) and the line side of the disconnect switch at the two Runway Supervisory Units. If a disconnect switch does not exist contractor shall install a disconnect switch at each unit. The point of demarcation at the old historic site is the line side of the disconnect switch. If a disconnect switch does not exist contractor shall install a disconnect switch at the site.”