



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON, DC



MEMORANDUM FOR SEE DISTRIBUTION

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FROM: HQ USAF/A7C
1260 Air Force Pentagon
Washington DC 20330-1260

SUBJECT: Military Housing Privatization Initiative (MHPI) Utility Reimbursement Policy

The Air Force is amending the way utility rates are calculated for MHPI projects. The objective is for the MHPI project to pay for costs incurred solely for privatized housing.

MHPI project owners will reimburse the Government for utility services provided in two separate charges:

a. The first charge is the monthly utility bill that will be based on the sum of the cost of the basic commodity (average cost of the purchased utility service) plus the utility distribution system line losses.

b. The second charge, applicable when part of the installation utility distribution system is used solely to provide service to the MHPI project, will be a "pay-as-you-go" charge for any Operations and Maintenance (O&M) or capital construction required only on that part of the system solely servicing the MHPI project. If there are Air Force facilities either within the boundaries of, or further serviced through the MHPI project that receive utility service from the MHPI system, then that particular MHPI project is entirely exempt from any O&M and capital charges on utility lines leading to the MHPI project.

This policy supersedes HQ USAF/ILE memorandum, *Utility Rates for Air Force Housing Privatization Projects*, 11 Apr 2003. This policy will be incorporated into AFI 32-6007, *Privatized Family Housing*, and 32-1061, *Providing Utilities to US Air Force Installations*. For all closed projects and those under negotiation, the Air Force will negotiate with the project owners to incorporate this change into the transactional documents.

Any questions on this matter may be directed to our point of contact, Ms. Sandy Randolph, HQ USAF/A7CAH, DSN 664-3879.

DEL EULBERG, Maj Gen, USAF
The Civil Engineer
DCS/ Logistics, Installations & Mission Support

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