DEFENSE LOGISTICS AGENCY
ENERGY
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FORT BELVOIR, VIRGINIA 22060-6222

J&A Tracking Number 26-0032

Justification for Other than Full and Open Competition
Utility Services (UP), SP0600-26-R-0812

1. Summary/Introduction:

The Defense Logistics Agency Energy (DLA Energy) Utility Services Division is the contracting activity for utility services in support of the Military Services' Utilities Privatization (UP) programs for the Department of War. This is a justification for other than full and open competition (J&A) under 10 U.S.C § 3204(a)(1), as implemented by Federal Acquisition Regulations (FAR) 6.103, for privatized natural gas utility services at Fort Leonard Wood, MO. The solicitation number for this requirement is SP0600-26-R-0812. The estimated dollar value of this contract action for operation and maintenance, renewal and replacement, and other utility services associated with the natural gas utility system is [redacted] over a 10-year period of performance from August 1, 2026, to July 31, 2036. The requiring activity is the U.S. Army Installation Management Command (IMCOM).

Omega Pipeline Company, LLC (Omega) is the owner of the natural gas distribution system at Fort Leonard Wood. It became the owner when the U.S. Army Corps of Engineers modified an existing natural gas supply contract (DACA41-91-C-0002) and executed a Bill of Sale on June 27, 1995.

A follow-on contract (W911S7-05-D-0012) was awarded in January 2005 for an additional 10-year period. Upon contract expiration, a one-year bridge contract was awarded by the Mission Installation Contracting Command-Fort Sam Houston (MICC-FSH). Upon expiration of the bridge contract, contract W9124J-16-C-0009 was awarded on January 28, 2016, with a 10-year period of performance. MICC-FSH transferred that contract to the DLA Energy Utility Services Division for administration on September 3, 2021. Following the transfer, DLA Energy assigned continued contract number SP0600-21-C-8348; it incorporates all prices, terms, and conditions of the predecessor contract in effect at the time of transfer. The period of performance of the continued contract was February 1, 2016, to January 31, 2026.

On December 18, 2025, the Army provided requirements to DLA Energy to procure privatized natural gas utility services at Fort Leonard Wood for an additional 10-year period of performance. Because the continued contract was set to expire on January 31, 2026, and there was not enough time to award a new contract, DLA Energy executed its authority under FAR 52.217-8, Option to Extend Services, on December 30, 2025, extending services for 6 months to July 31, 2026.

2. Nature and/or description of the action being approved (FAR 6.104-1(a)(2)):

This contract action will result in the award of a new 10-year Fixed Price with Economic Price Adjustment (EPA) utility service contract for Omega to continue to provide Fort Leonard Wood with privatized natural gas utility service. DFARS PGI 241.103 summarizes the maximum term (in years) for utility service contracts, as authorized by different statutory authorities. Utility Service Contracts (in support of privatization) have a maximum term of 50 years. 10 U.S.C. § 2688(d)(1) limits the term to 10 years, unless the conditions of 10 U.S.C. § 2688(d)(2) are satisfied and the Secretary concerned authorizes the longer term. On September 30, 2025, the Acting Assistant Secretary of the Army for Installations, Energy and Environment (ASA IE&E), approved the Army Utilities Review Board's recommendation to renew the natural gas utility service contract at Fort Leonard Wood for a term of 10 years. On December 17, 2025, the Army Utilities Privatization (UP) Program Director formally requested the renewal of the Fort Leonard Wood natural gas utility services contract for an additional 10-year term. This contract action is required to ensure the continued operation of the natural gas distribution system to deliver natural gas on Fort Leonard Wood. The resulting contract will be funded using Army Operations and Maintenance appropriations throughout the period of performance.

3. Description of supplies or services required to meet the agency's need (including estimated value) (FAR 6.104-1(a)(3)):

The Army requires natural gas utility services at Fort Leonard Wood. Omega will be required to provide utility services on its natural gas utility system. This includes, but is not limited to, all necessary labor, management, supervision, permits, licenses, certifications, equipment, supplies, materials, transportation, and any other incidental items or services required for the complete ownership of the natural gas utility assets. The utility services to be procured are considered commercial, but are procured under FAR Part 41, not under FAR Part 12. The estimated dollar value of the contemplated contract action is [redacted].

4. Identification of the statutory authority permitting other than full and open competition (FAR 6.104-1(a)(4)):

This J&A is based upon the authority of 10 U.S.C. § 3204(a)(1), as implemented by FAR 6.103-1. The natural gas utility services required by IMCOM are only available from one responsible source, Omega, and no other source or services will satisfy IMCOM's requirements.

5. Demonstration that the proposed contractor's unique qualifications or the nature of the acquisition requires use of the authority cited (FAR 6.104-1(a)(5)):

Omega is the owner of the natural gas distribution system at Fort Leonard Wood and the only entity capable of providing the Army's required utility services. DLA Energy intends to enter sole source negotiations with Omega under the authority of 10 U.S.C. § 3204(a)(1), to negotiate a Fixed Price with Economic Price Adjustment contract with a period of performance of 10 years. After the award, Omega will continue to own the natural gas utility system and provide

utility services at Fort Leonard Wood; the contract will be administered by DLA Energy. As Omega is the owner of the natural gas utility system at Fort Leonard Wood, awarding the requirements to another contractor is not possible.

6. Description of the efforts made to ensure that offers are/were solicited from as many potential sources as is/was practicable, including whether a notice was or will be publicized as required by Subpart 5.1 and, if not, which exception under 5.101(b) applies (FAR 6.104-1(a)(6)):

On June 27, 1995, the Army privatized Fort Leonard Wood's natural gas utility system to Omega. Since then, Omega has owned Fort Leonard Wood's natural gas utility system. As Omega is the owner of the natural gas utility system, which must be used to provide the utility services required, the exception at FAR 5.101(b)(1)(vi) applies because the proposed contract action is for utility services and only one source is available. No other sources have expressed interest in providing this requirement. A redacted version of this J&A will be made publicly available in accordance with FAR 6.301.

7. Determination by the contracting officer that the anticipated cost to the Government will be fair and reasonable (FAR 6.104-1(a)(7)):

The award price is unknown at this time, but the Contracting Officer worked with installation personnel and a cost/price analyst to prepare a Government Cost Estimate (GCE) using a combination of methods tailored to incorporate the market influences anticipated to impact each requirement of the contract. The GCE serves as the basis for the estimated dollar value and anticipated cost of the contract. To make the fair and reasonable determination, the Contracting Officer will conduct a price analysis and will consult technical experts for assistance in conducting a technical analysis. Specifically, the Contracting Officer anticipates using the techniques described in FAR 15.404-1(b)(2), (4), (5), (6), and (7) to conduct price analysis, and 15.404-4 to conduct technical analysis. The analysis will include an assessment of Omega's proposed staffing, capital investments, and price adjustment methodology. In addition to comparing Omega's proposed price to the GCE, the Contracting Officer will consider historical prices paid for similar services, current market prices for commodities, utility rates and pricing structures for other customers in the area, and any other cost or pricing data provided by Omega. Based on the expected analytical techniques to be performed, the award price is anticipated to be fair and reasonable.

8. Description of the market research conducted, and the results or a statement of the reason market research was not conducted (FAR 6.104-1(a)(8)):

No market research was conducted, as it would not yield any new responsible potential offerors capable of performing the services required. The incumbent contractor, as owner of the natural gas utility system, provides the only practicable means to meet the stated requirements.

9. Any other facts supporting the use of other than full and open competition, such as (FAR 6.104-1(a)(9)):

(i) When 6.103-1 is cited for follow-on acquisitions as described in 6.103-1(c)(2), an estimate of the cost to the Government that would be duplicated and how the estimate was derived.

Not Applicable

(ii) When 6.103-2 is cited, data, estimated cost, or other rationale as to whether and how much the Government would be harmed.

Not Applicable

10. A listing of the sources, if any, that expressed, in writing, an interest in the acquisition (FAR 6.104-1(a)(10)):

No sources other than the current system owner, Omega, have expressed interest (in writing or otherwise) in providing natural gas utility services at Fort Leonard Wood. No request for interest or sources sought notice was posted to the Governmentwide Point of Entry (sam.gov) as required by DFARS PGI 206.103-170(d) and no waiver by the Head of the Contracting Activity is required because the proposed contract action is for utility services and only one source (Omega) is available and the exception at FAR 5.101(b)(1)(vi) applies.

11. Actions that may be taken to remove or overcome barriers to competition before any subsequent acquisition for the supplies or services are required (FAR 6.104-1(a)(11)):

Omega is the owner of the natural gas utility system on Fort Leonard Wood. As the owner of the natural gas utility system, Omega is the only source capable of providing natural gas utility services at Fort Leonard Wood. The goal of utilities privatization is to divest ownership of utility systems and to procure utility services from the new owner(s). IMCOM, as the requiring activity, has no plans to retake ownership of the natural gas system or force its sale to a new party. Therefore, while the barrier of ownership exists, there is no desire or plan to remove or overcome that barrier to competition.

Justification for Other Than Full and Open Competition (Cont'd)
(SP0600-26-R-0812 – OMEGA PIPELINE COMPANY, LLC)

I hereby certify that the data which forms the basis for this justification is accurate and complete to the best of my knowledge and belief.

[redacted]

[redacted]

[redacted]

I hereby certify that the data which forms the basis for this justification is accurate and complete and that the purchase request covers only the minimum requirements to satisfy the needs of the Government.

[redacted]

Justification for Other Than Full and Open Competition (Cont'd)
(SP0600-26-R-0812 – OMEGA PIPELINE COMPANY, LLC)

I have reviewed and concur with this Justification.

[redacted]

Approved:

[redacted]