

## C2. CHAPTER 2

### DIRECT SUPPLY NATURAL GAS PROCEDURES FOR DESC CENTRALLY MANAGED MONTHLY BUYS

#### C2.1. GENERAL

C2.1.1. Issuance of Solicitation. Solicitations will be issued to natural gas marketers who wish to enter into a Basic Ordering Agreement (BOA) for deliveries of natural gas to installations participating in DESC's monthly buy program. Proposals will be evaluated and rated, and BOAs shall be established with responsible contractors.

C2.1.2. Requirements. DESC shall calculate on a monthly basis the total estimated gas requirements for all installations (behind a common LDC) under its centrally managed monthly buy program. Requirements are calculated based on data supplied by the installations. Additionally, DESC shall issue a request for proposal to contractors having a BOA. Prices shall be evaluated in conjunction with the contractor's technical evaluation rating and past performance. Contracts will be awarded based on the best value to the Government. Wire awards must be made prior to the pipeline and LDC's nomination deadlines as set forth in the individual pipeline and LDC's tariffs. At the beginning of the month, the natural gas contractor is responsible for placing nominations with pipelines and LDCs (prior to their established deadlines). The contractor is also responsible for changing the nomination with the pipelines and LDCs if during the month of delivery, the ordering officer amends the order. If the contractor is performing supply management functions, the contractor is responsible for changing the nomination with the pipelines and the LDCs, advising the ordering office (if during the month of delivery the contractor determines that an adjustment is required to keep an installation's account within balance).

C2.2. ORDERING. DESC-A shall compute the total dollar value of the contract based on the actual per decatherm unit price and the estimated quantity of gas delivered by the contractor. Based on this data, DESC shall prepare a SF 1449, Solicitation/Contract/Order for Commercial Items.

C2.3. FUNDS MANAGEMENT. DESC-A shall compute requirements for fiscal year funding based on applicable indexes and transportation charges, including other associated costs. MIPRs will be submitted to DESC for those installations that are under the Defense-wide Working Capital Fund.

#### C2.4. CONTRACTOR PAYMENTS

C2.4.1. Receipt of Contractors' Invoices. Receipts of contractors' invoices initiate the payment process. Invoices must be processed in sufficient time to preclude interest penalties or late payment charges. Under the Prompt Payment Act, invoices must be paid no later than 30 days from the date of receipt or acceptance, whichever is later. The 30-day period commences upon receipt of the invoice by the designated billing office.

C2.4.2. Validation of Contractors' Invoices. Upon receipt of a contractor's invoice, DESC-A shall acquire from the LDC(s) the total quantity of gas delivered to the LDC(s) by the contractor for each installation covered by the contract. Imbalance information is also obtained from the LDC(s). DESC-A shall validate the contractor's invoice by ascertaining deliveries (comparing the contractor's invoiced quantity with the quantity received by the LDC) and certifying the bill for payment.

C2.4.3. The certified contractor's invoice, SF 1449, and the installation's bill (as described below) shall be forwarded to DFAS with a copy to DESC-R.

C2.4.4. DFAS shall advise DESC-A of payments to contractors via SF 1034-A, Public Vouchers for Purchases and Services Other than Personal.

## C2.5. CUSTOMER BILLING

C2.5.1. Invoices to Installation. Monthly invoices will be prepared by DESC-A for each installation covered by the contract. Invoices will be based on the per unit decatherm price of the natural gas and quantity of gas delivered by the contractor. DESC shall mail or forward via facsimile invoices to DFAS with informational copies to the installations.

C2.5.2. Installations Reimbursements. DFAS shall provide the installations and DESC copies of SF 1080, Voucher for Transfer Between Appropriations and/or Funds. A copy of the invoice, forwarded by DESC, must be attached to the installations' copy of SF 1080.