
MEMORANDUM OF UNDERSTANDING FOR SALE OF UTILITIES SERVICES

For use of this form, see AR 420-41; the proponent agency is the Office of the Chief of Engineers

Contract No. _____
Estimated Annual
Cost to Purchaser \$ _____

THIS AGREEMENT, entered into this _____ day of _____, 19____ by and between the DEPARTMENT OF THE ARMY, an agency of the United States Government, (*hereinafter called the Army*), represented by the Utilities Sales Officer executing this agreement and

(*Hereinafter called the "Purchaser"*)

WITNESSETH THAT:

WHEREAS, the Army has established an _____ near _____ known as _____ and owns, maintains and operates facilities for the furnishing of _____ service; and

WHEREAS, the Purchaser desires to obtain _____ service from the Army, as required for _____; and

WHEREAS, the Army is authorized to supply the service and the Purchaser is authorized to pay for the service pursuant to the terms of the Economy Act of 30 June 1932, 47 Stat. 417 as amended. (*31 USC 686*);

NOW, THEREFORE, in consideration of the premises and the mutual agreement herein contained, to be performed by the parties hereto respectively, it is agreed as follows:

GENERAL PROVISIONS

1. SERVICE TO BE RENDERED. From and after the effective date of this agreement, the Army will furnish on a reimbursable basis, and subject to the conditions hereinafter provided, utility service or services as described in Special Provisions _____
_____ attached hereto and made a full part hereof.
2. PAYMENTS. The Purchaser shall reimburse the Army for the utility service or services described herein at the rates and under the terms and conditions set forth in the attached Special Provisions.
3. USE OF SERVICE. The Army, by reason of this agreement is not obligated to permanently supply the Purchase with utility service. The service described herein is limited to such time as the service can be supplied by the Army as surplus to its own needs. Purchase shall use the service provided herein in such a manner as to not in any way disrupt or interfere with the requirements of the Army or any other Purchaser that may be served by the Army.
4. CHANGE OF RATES. The rates for service to be charged the Purchaser shall be the local prevailing rates, if any, for similar service, provided that the rates shall at all times produce a revenue which is not less than the cost to the Government of supplying the service, including losses, overhead, and capital charges. If during the life of this contract there should be an appreciable change in the applicable local prevailing rates or in the cost to the Government, the contract rates set forth herein will be adjusted as required to conform therewith and the Government agrees to furnish, subject to the the conditions set forth herein, and the Purchaser agrees to take and pay for, such service at the adjusted rates from and after the date when such adjusted rates are made effective. The rates and charges applicable to the service or services contemplated herein will be renewed annually, or more often if necessary, in compliance with the above requirements.
5. TERMINATION. Services under this agreement may be terminated by either party by written notice not less than thirty (30) days in advance of the effective date of termination. In the event of a national emergency proclaimed by the President having an effect on the Army's service requirements, the Army may at its decision, terminate this agreement immediately without such advance notice.

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6. FACILITIES TO BE PROVIDED. The Army shall not be obligated in any way for the cost of making connections for Purchaser's service. Purchaser shall, at Purchaser's expense, install, maintain and operate all new facilities required for obtaining service, including suitable metering and regulating equipment and service connections to Army's utility system. Plans for all such facilities shall be subject to the approval of the Utilities Sales Officer and the installation of such facilities shall be subject to his/her supervision.
7. LICENSE FOR FACILITIES. The Army hereby grants to the Purchaser a license to enter upon and use a site or sites to be agreed upon between the parties hereto upon which the Purchaser shall install, operate and maintain the Purchaser's new facilities to be located on Government property for obtaining service; and such license shall continue in effect until termination of this agreement. Facilities installed by the Purchaser on an Army installation will be removed promptly at the expense of the Purchaser upon termination of the service contemplated herein. Army land and facilities will be restored to their original condition at the expense of the Purchaser. If the Purchaser fails to so remove such facilities within ninety (90) days they will be deemed to be abandoned and become Army Property.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

THE DEPARTMENT OF THE ARMY

BY _____

(Official Title)

(Purchaser)

(Title)