

Air Force Installation & Mission Support Center



Air Force Utilities Privatization Overview

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25 June 2026

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Utilities Privatization



Utilities Privatization is a:

■ Safety Program

- Established by Congress in 1997 following the 1990 explosion of a natural gas pipeline at Fort Benjamin Harrison that had 2 fatalities and 18 serious injuries.

■ Resiliency Program

- By maintaining utility systems at industry standards, privatized systems are Robust, can Respond to natural and other disaster, and can Recover faster from such incidents. On-going efforts incorporate Redundancy through multiple feeds and Resourcefulness through generation and storage.

Utilities Privatization is not a:

■ Cost saving program

- Privatized systems are less expensive to operate than government systems maintained at the same level, however risk is often taken to utility investments to fund other AF priorities so annual cost savings are not reflected in budgets.

■ Energy Conservation Program

- Privatized systems provide some conservation benefits by reducing distribution losses, energy conservation is gained in the facilities supplied by utility privatization

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Utilities Privatization



- **Authorized under 10 United States Code § 2688**
- **Two Components to Privatization**
 - **Conveyance**
 - Permanent transfer of AF real property assets to the system owner (SO)
 - Bill of Sale used at time of award
 - Amended Bill of Sale used for asset transfers after award
 - **Utility Service Contract (USC)**
 - Maximum of 50 years (compared to 10 years for standard utility contracts)
 - Includes Operations & Maintenance and Renewals & Replacements
 - At end of contract, **assets still belong to SO**, a new USC contract is negotiated
 - Any connections/work performed under the USC belongs to the SO and the SO owns all risk and responsibility.





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Utilities Privatization



- \$10.6B in current contract value
- 62 systems on 43 contracts at 29 active-duty installations have been privatized since 1998 under 10 USC 2688

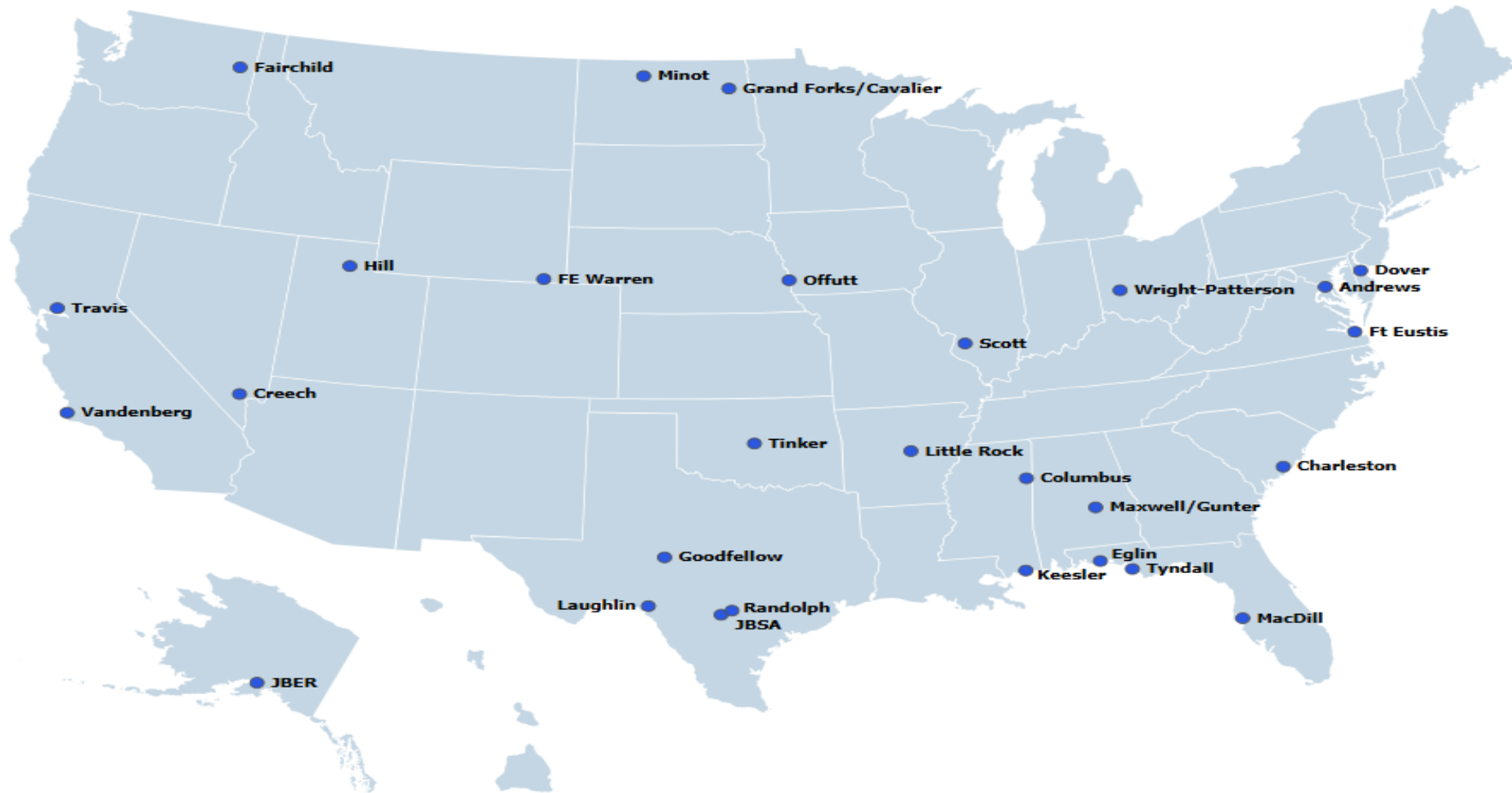
 Electric	 Natural Gas	 Water	 Wastewater
21	8	18	15

- No new systems were privatized in FY25

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Utilities Privatization



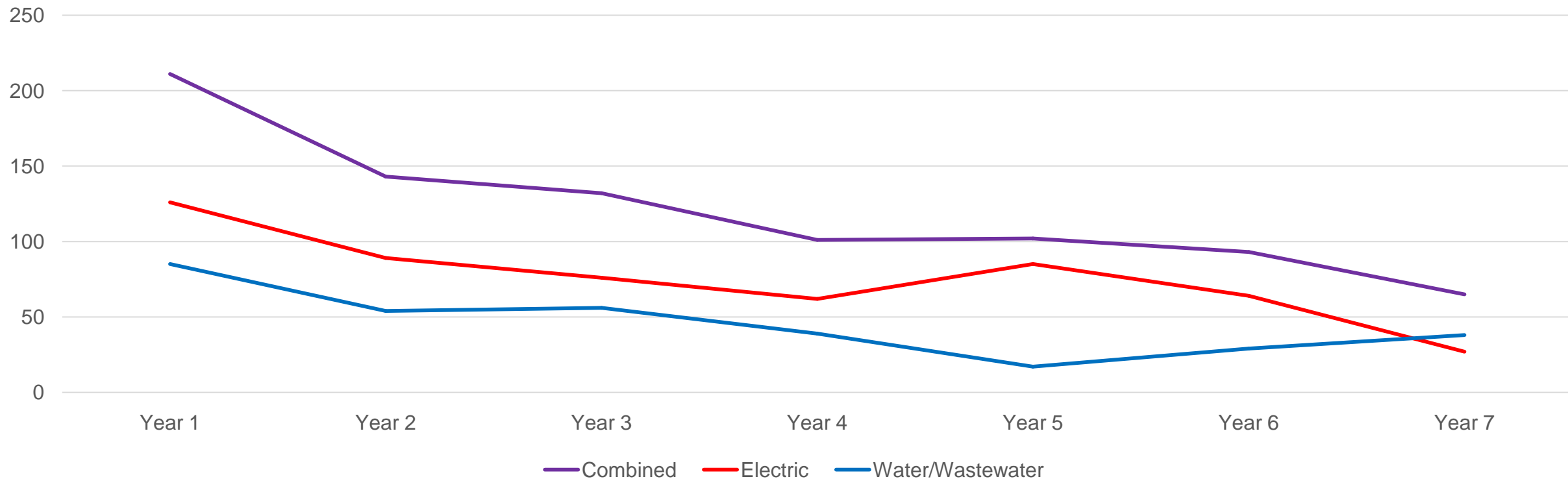
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Annual Unplanned Outages



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Utilities Privatization



- **Not a Static Program**
 - **System Owner performs all new connections**
 - **Partner in Closing Resilience Gaps**
 - **Battery Energy Storage Systems**
 - **Energy Conservation Investment Program Projects**
 - **Installation Resilience**
 - **Future Acquisitions**
 - **Focus on Electric and Water Systems**
 - **Gathering data on other systems**



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Installations Directorate



- **AFCEC/CI supports energy initiatives**
 - **Collaboration with Energy Directorate (AFCEC/CN)**
 - **Land leases and Easements**
 - **Enhanced Use Lease**
 - **Solar Arrays**
 - **Battery Storage**
 - **Data Centers**
 - **Energy Assurance Leases**
 - **Future Technologies**
 - **Geothermal**
 - **Small Modular Reactors**

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JBSA Micro-reactor Project



- **Conducted w/ Advanced Nuclear Power for Installations (ANPI)**
- **Scope: Construct a micro nuclear reactor, up to 10MWe, on JBSA**
- **Timeline: Project complete before 2030**
- **Key Project Aspects:**
 - **No connection to the CPS grid**
 - **No water required for cooling**
 - **No local waste storage**
 - **NEPA/EIAP assessment will commence during planning**

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QUESTIONS

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