

**USTRANSCOM JUSTIFICATION FOR
OTHER THAN FULL AND OPEN COMPETITION**

13 ~28

Dailey World Wide Jet Fuel Spot Prices with Analysis

(1) Agency: USTRANSCOM/TCAQ

(2) Nature and/or description of the action being approved. Firm Fixed Price Sole Source award to Oil Price Information Service (OPIS), a subsidiary of the United Communication Group (UCG).

(3) Description of the supplies or services required to meet the agency's needs. TCAQ-P establishes the "pegged" price of fuel for the Economic Price Adjustment (EPA) clause included in the Civil Reserve Air Fleet (CRAF) contract. Daily jet fuel prices from the different worldwide markets are required to perform a price analysis to establish the "pegged" price of fuel. Setting the pegged fuel price is very speculative. In order to mitigate the risk, TCAQ-P uses two data sources to set the pegged fuel price. In the past, TCAQ-P used spot fuel prices from the International Air Transport Association (IATA) and US Energy Information Administration (EIA). However the US EIA stopped publishing their worldwide fuel prices in 2011. Therefore, TCAQ-P required a second source to obtain worldwide fuel prices.

(4) An identification of the statutory authority permitting other than full and open competition. 10 U.S.C. 2304(c)(1) (FAR 6.302-1) – Only one responsible source and No Other Supplies or Services Will Satisfy Agency Requirements.

(5) A demonstration that the proposed contractor's unique qualifications or the nature of the acquisition requires use of the authority cited. In 2012, OPIS provided a free subscription to their daily jet fuel reports which met the government's requirement. The daily fuel report provided daily prices from the major worldwide jet fuel markets along with a market analysis to identify market trends.

(6) A description of efforts made to ensure that offers are solicited from as many potential sources as is practicable, including whether a notice was or will be publicized as required by Subpart 5.2 and, if not, which exception under 5.202 applies. The requirement will be posted on Federal Business Opportunities stating the intent of USTRANSCOM to make a sole source award. A search of the World Wide Web yielded two additional potential sources, Argus Media and Platts. Upon further investigation, Argus' data would have to be extensively manipulated to be of use for TCAQ-P. TCAQ-P does not have the in-house resources to manipulate such data on an on-going basis. A comparison of OPIS and Platts revealed that the methodology employed by both companies respectively (in terms of a world spot price) are different in that PLATTS uses a weighted regional basket based on trading volume, while OPIS renders a world spot price based off of a simple average. It was determined that the OPIS methodology better reflected USTRANSCOM's requirements as the Platt's prices may be unduly influenced by trading volume in regions that may not reflect USTRANSCOM's requirements. In

addition, the Armbrust Aviation Group's April 2010 Jet Fuel Report compared the two companies jet fuel pricing products. That report stated that although there was a negligible difference of prices in the monthly averages in accumulative two year study, in the shorter term the differences can be greater, with significant implication for risk management as well as physical prices.

Several airline representatives also confirmed that OPIS was the benchmark for the industry as their source for data to estimate fuel prices.

A search of the GSA website also failed to produce a second source for the required data.

(7) A determination by the contracting officer that the anticipated cost to the Government will be fair and reasonable. The OPIS' price is a commercially available subscription price.

(8) A description of the market research conducted (see Part 10) and the results or a statement of the reason market research was not conducted. A search of the World Wide Web and GSA's data base did not produce a second source that met the needs of TCAQ-P.

(9) Any other facts supporting the use of other than full and open competition. It is critical to have the most conclusive estimated fuel price possible as the basis for the pegged rate of fuel to mitigate the risks of large fuel adjustment amounts. Otherwise, large fuel adjustment amounts could have an adverse impact on carriers' cash flows that could in fact jeopardize their financial solvency. If the OPIS daily jet fuel reports are not obtained, the carriers and the Government would be subjected to undue risk from basing the pegged jet fuel price only on one data source.

(10) A listing of the sources, if any, that expressed, in writing, an interest in the acquisition. A Platts' representative did email TCAQ-P expressing an interest in the government's requirement July of 2012. However, based on the evaluation above, it was determined that Platt's did not meet the requirement.

(11) A statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before any subsequent acquisition for the supplies or services required. A market study will be done to identify any other potential sources prior to any future acquisitions. If other sources become available TCAQ will evaluate their capabilities to see if it meets mission requirements.

CONTRACTING OFFICER'S CERTIFICATION.

I certify that the data supporting the recommended use of other than full and open competition is accurate and complete to the best of my knowledge and belief.

(NAME)
Title

8 May 2013
DATE

TECHNICAL/REQUIREMENTS PERSONNEL CERTIFICATION.

I certify that the data supporting the recommended use of other than full and open competition is accurate and complete to the best of my knowledge and belief.

(NAME)

4/25/13
DATE