



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
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AUG 31 2000

MEMORANDUM FOR DISTRIBUTION

Subj: OBTAINING INFORMATION FOR PRICING SOLE-SOURCE COMMERCIAL
ITEMS

Encl: (1) DDP memorandum of August 2, 2000

Enclosure (1) is provided for your information and action. Please ensure that all of your organization's contracting and pricing personnel are made aware of the clarifying guidance provided.


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OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON DC 20301-3000

August 2, 2000

DP/CPF

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT), ASA(AL&T)
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
EXECUTIVE DIRECTOR FOR PROCUREMENT MANAGEMENT
(DLSC/DLA)

SUBJECT: Obtaining Information for Pricing Sole-Source
Commercial Items

Last year, pursuant to Section 803 of the Fiscal Year (FY) 1999 Strom Thurmond Defense Authorization Act, Parts 12 and 15 of the Federal Acquisition Regulation (FAR) were revised to better address the pricing of commercial items. These revisions clarified the guidance at FAR 15.403-3 regarding the need for contracting officers to obtain information from offerors to support a determination of price reasonableness when information from other sources is insufficient to make the determination. In setting forth the various price analysis techniques used to establish price reasonableness, FAR 15.404-1(b) states a preference for comparison with prices previously proposed and paid for the same or similar items. To perform these price comparisons, particularly when pricing sole-source commercial items, the contracting officer must have access to pertinent historical pricing information.

Pursuant to obtaining this information, in its report of June 24, 1999, entitled "CONTRACT MANAGEMENT: DoD Pricing of Commercial Items Needs Continued Emphasis," the General Accounting Office (GAO) recommended that the DoD clarify the circumstances when it is appropriate to use the clause at FAR 52.215-20, Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data (Oct 1997), to obtain historical pricing information. The GAO stressed the importance of understanding and using this information when pricing commercial item purchases from a sole source.



Please remind your contracting professionals that the clause at FAR 52.215-20 should be included in solicitations for sole-source commercial items when the contracting officer has a reasonable expectation that the offeror will request a commercial item exception to a requirement for submission of certified cost or pricing data, and that the offeror will need to provide, at a minimum, appropriate information on the prices at which the same or similar items have been previously sold.

Additional information may be requested to the extent needed to permit an adequate evaluation of the proposed price in accordance with FAR 15.403-3. However, as a matter of policy, FAR 15.402(a)(2)(i) states that offerors should not be requested to provide additional information if the contracting officer already has information, available from within the Government or from sources other than the offeror, that is adequate for evaluating price reasonableness. The clause at FAR 52.215-20 should be used only when information already available to the contracting officer is not adequate. Alternate IV to the clause should be used when identifying specific information needed from the offeror.

Questions regarding this matter may be addressed to Mr. Richard Brown, OUSD(A&T)DP/CPF, brownrg@acq.osd.mil, or by phone at 703-695-7197.



Deidre A. Lee
Director, Defense Procurement