

Albuquerque Operations Office

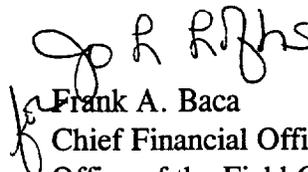
memorandum

DATE: MAR 24 1999
REPLY TO
ATTN OF: OFCFO
SUBJECT: Responses to Questions Relating to the Revised Departmental Pricing Policy
TO: Those on Attached List

The attached memorandum issued by Elizabeth E. Smedley, Department of Energy's (DOE) Controller, provides responses to questions regarding the Department's revised pricing policy under the National Defense Authorization Act for Fiscal Year 1999.

In order to promote uniform pricing policy across the Department, Headquarters has issued the attached to be used in conjunction with the guidance contained in the October 29, 1998 memorandum.

Should you have questions, please contact Luella Aragon of my staff at (505) 845-5855.


Frank A. Baca
Chief Financial Officer
Office of the Field Chief Financial Officer

Attachment

Addressees

-2-

MAR 24 1999

Controller, ASFM&T
Division Director of Business Operations, LANL
Chief Financial Officer, MHC
Chief Financial Officer, SNL
Controller, Waste Isolation Division, W
Director, LPD, AL
Director, WPD, AL
Director, WSD, AL
Director, TSD, AL
Director, NNSI, AL

cc:

Area Manager, AAO
Area Manager, CAO
Manager, GJO
Area Manager, KAO
Area Manager, KCAO
Area Manager, LAAO
AFSC Liaison Accountants (6)

AFSC R/F

PRICING POLICY QUESTIONS AND RESPONSES

1. Question: How should the difference between the old Departmental added factor and the current 3 percent Federal administrative charge be handled (e.g., return to the sponsor, obligate to the laboratory for additional work, etc.)?

Response: Offices should use their own discretion when administering the difference between the former Departmental added factor (4.3 percent) and the current Federal administrative charge. Funds can either be returned to the sponsor, obligated to the contractor to perform authorized work under the agreement, or retained by the Office to cover valid adjustments.

2. Question: What part of DOE 2110.1A, Pricing of Departmental Materials and Services, does the October 29, 1998, guidance replace? Does the guidance replace the October 1, 1991, interim guidance to DOE 2110.1A?

Response: The October 29, 1998, guidance replaces paragraph 8 of DOE 2110.1A. The guidance also rescinds the provisions of the October 1, 1991, interim guidance to DOE 2110.1A, with the exception of the reporting provisions delineated in the October 29, 1998, transmittal memorandum from the Chief Financial Officer.

3. Question: Define small business concern, institution of higher education, non-profit entity, and State and local government?

Response: Small Business Concern - A business that qualifies to be designated as a small business concern as defined in 13 C.F.R. Part 121, Small Business Size Regulations.

Institution of Higher Education - An educational institution in any State that: (1) is legally authorized to provide a program of education beyond secondary education, on a day or residential basis; (2) admits as students only persons having a certificate of graduation from a school providing secondary education or the recognized equivalent of such a certificate; (3) is accredited by a nationally recognized accrediting agency or association; and (4) provides an educational program for which the institution awards a bachelor's degree or higher degree or provides not less than a 2-year program that is acceptable for full credit toward such a degree at any institution which meets the preceding requirements and which provides such a program. In addition, any school that provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of items (1), (2), and (3) of this definition.

Non-profit Entity - Organizations that qualify as nonprofit organizations under Internal Revenue Code Sections 501 and 503.

State Government - Any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State exclusive of local governments.

Local Government - A county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments (whether or not incorporated as a non-profit corporation under State law), any other regional or interstate government entity, or any agency or instrumentality of a local government.

4. Question: Can the pricing waivers continue with Defense Special Weapons Agency at the Albuquerque and Nevada Operations Offices?

Response: These pricing waivers should be discontinued at the earliest possible date; however, in recognition of agreements already in place for fiscal year 1999 and other considerations, termination may occur not later than September 30, 1999.

5. Question: How should the requirements of DOE 2110.1A, Chapter II, Paragraph 21, Consultants and Personnel Services, pertaining to charging DOE added factor be handled?

Response: Items calling for the charging of Departmental added factor and depreciation should be replaced with charging of the Federal administrative charge only.

6. Question: Do the exclusions found in paragraph 9 of DOE 2110.1A continue (e.g., should the Federal administrative charge be assessed on the costs incurred on processing a Freedom of Information request or costs relating to energy data and information provided by Energy Information Administration)?

Response: The exclusions in paragraph 9 of DOE 2110.1A will continue for now; however, in the near future, we will review each of the exclusions and issue correspondence addressing each of them.

7. Question: Since work performed for foreign governments and international organizations, cosponsored agreements, and Cooperative Research and Development Agreements (CRADA) were not covered by the September 2, 1998, moratorium memorandum, what date should be used for charging these customers the Federal administrative charge on funding increases on existing agreements?

Response: Pricing exceptions on existing agreements in effect as of October 29, 1998, on work performed for foreign governments and international organizations, cosponsored agreements, and CRADAs will be honored as long as there are no increases in the funding level specified in that agreement. Funding increases will be subject to the Federal administrative charge.

8. Question: What type of pricing exception report will be required by the field offices to submit to Headquarters?

Response: We are in the process of revising the reporting requirements. Correspondence will be issued in the near future addressing revised reporting requirements. For now, existing reporting requirements should be followed.

9. Question: How should the pricing waiver be handled on work performed by the Department under the U.S. Program of Technical Assistance for International Atomic Energy Agency Safeguards (POTAS)?

Response: Consistent with any other agreement, the Federal administrative charge must be assessed on new agreements or funding changes to existing agreements (which were in effect as of October 29, 1998).

10. Question: How should pricing exceptions be handled on longstanding agreements with the United Kingdom?

Response: Consistent with any other agreement, the Federal administrative charge must be assessed on any new agreements or funding changes to existing agreements (which were in effect as of October 29, 1998).

11. Question: Does a pricing exception extend to work performed by the Department for the Ballistic Missile Defense Organization based on the provision contained in Section 3132 of the National Defense Authorization Act for Fiscal Year 1999?

Response: Based on Office of Chief Financial Officer research and consultation with Jim Renjilian of the Office of General Counsel, the work performed by the Department for the Ballistic Missile Defense Organization does not qualify for a pricing exception. The charge for this work should be full cost, including the Federal administrative charge.

12. Question: What is the process when the customer will not pay the Federal administrative charge and demands that a formal waiver request be presented to DOE management for consideration?

Response: The Federal administrative charge can not be waived unless the entity qualifies for an exception as either a small business concern, institution of higher education, non-profit entity, or State and local government.