

**DECISION**

**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D. C. 20548

FILE: B-185698

DATE: May 12, 1976

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MATTER OF: General Electric Company

**DIGEST:** Prohibition against instituting total small business set-aside under procurement calling for QPL item where a qualified large business firm wishes to compete for award is not applicable where item being procured is not qualified by Government under QPL procedure but rather has been approved by prime contractor and listed on contractor's source control drawing. However, procuring agency should be particularly sensitive to possibility that competition may not be obtained by imposing set-aside on procurement already restricted by virtue of source control drawing.

The General Electric Company, Electronic Components Business Division (GE), has protested against the issuance of RFP F09603-76-R-3887 as a total small business set-aside. The RFP was issued on December 9, 1975, by Warner Robins Air Force Base for 196 Cavities, TRAK PN9186-1031 (RF Generator). This item must be produced in accordance with a Honeywell, Inc. source control drawing. The sources approved by the prime contractor include the two small business firms solicited as well as GE, a large business. Notwithstanding the pending protest, award was made to one of the small businesses, MCL, Inc., on March 18, 1976.

It is GE's position that since Honeywell has designated it as a qualified source of the item, the procurement should not have been set aside for small business firms and GE should have been allowed to submit a proposal. GE relies on Armed Services Procurement Regulation (ASPR) 1-706.3(e)(iii) (1975 ed.), which provides that a total small business set-aside shall not be authorized when the products of one or more large businesses are on a Qualified Products List (QPL), unless it has been confirmed that none of the large businesses desires to participate in the procurement. GE argues that "whether the item is being procured from a QPL or from a drawing number, we should be allowed to bid since we are qualified." In further support of this position, GE cites ASPR 1-1101(a) and (b) which state, in substance, that suppliers whose products have qualified for inclusion on the QPL but have not yet been listed are eligible for award under a QPL solicitation.

In our opinion ASPR 1-706.3(e)(iii) is not applicable. An item on a source control drawing is neither a QPL item nor an

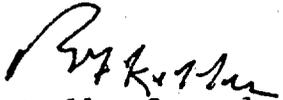
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analogous item. QPL products are tested for compliance with a Federal or Military specification and are approved by the Government activity which prepared the specification. See ASPR 1-1102. On the other hand, items being procured in accordance with a source control drawing are approved by the prime contractor rather than by the Government. The strict limitations on the use of the QPL restriction are not applicable to source control items. Therefore, we do not believe that source control items may be regarded as within the purview of the provisions of ASPR 1-706.3 (e)(iii).

Nevertheless, we are concerned over the imposition of a small business restriction on a procurement already restricted by virtue of the source control drawing. Such dual restrictions in a single procurement could have the effect of precluding any meaningful competition. Therefore, while we recognize that ASPR 1-706.5(a)(1) authorizes a total small business set-aside only where "the contracting officer determines that there is a reasonable expectation that offers will be obtained from a sufficient number of responsible small business concerns so that awards will be made at reasonable prices," we believe that when a source-restricted item is being procured, contracting agencies must be particularly sensitive to the possibility that competition will be unduly restricted if the procurement is also totally set aside for small business.

Here the contracting officer's determination that reasonable prices would be obtained was based on the known existence of two qualified small business suppliers. Competitive and, in the Air Force's view, reasonable prices had been offered by these firms in each of several prior procurements for the source control item. GE, in attempting to persuade the Air Force to allow it to compete, did not claim that it could offer a substantially lower price than what the Air Force had been paying. Under these circumstances, we are unable to conclude that the agency abused its discretion in setting aside this procurement for small business participation.

Accordingly, the protest is denied.

  
Deputy Comptroller General  
of the United States