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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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B-191535

OFFICE OF GENERAL COUNSEL

JUN 1 1978

The Honorable Bob Gammage  
House of Representatives

Dear Mr. Gammage:

We refer to your letter dated March 14, 1978, concerning the claim of Powell Electric Manufacturing Co. (Powell) for additional payment under a purchase order with Swinerton and Walberg Company (Swinerton).

It appears that Powell received a purchase order from The Lummus Company (then prime contractor for the Government at the AEC Rocky Flats Plant at Golden, Colorado) to furnish Emergency Motor Control Centers for a total price of \$234,516.

In 1976 Swinerton replaced The Lummus Company as prime contractor and took over operation of the plant on behalf of the Government. Swinerton assumed all the obligations of the Lummus Company in connection with the Rocky Flats Plant.

Powell has submitted a request to Swinerton that it be paid an additional amount of \$38,412.24 in escalated costs due to alleged delays caused by the prime contractors.

The purchase order contains a "Disputes Clause" which provides for a decision involving a dispute under the purchase order to be made by the Area Manager, of ERDA's (now Department of Energy) Rocky Flats Area Office, with Powell having a right of appeal from the decision to the head of the agency. All parties are bound to follow the procedure set forth in the purchase order. In view of the fact that the parties have agreed upon a method of settling disagreements like the one raised here, it is not for our consideration. Hugh Brasington Contracting Company, B-187022, September 14, 1976, 76-2 CPD 243.

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We trust the above is responsive to your inquiry.

Sincerely yours,

Paul G. Dembling

Paul G. Dembling  
General Counsel