



**Comptroller General
of the United States**

Washington, D.C. 20548

B-222476.12

June 27, 1988

Mr. George E. Hasley
President, Nebraska Aluminum
Castings, Inc.
P.O. Box 2062
Hastings, Nebraska 68901

Dear Mr. Hasley:

This is to acknowledge receipt of your letter to us of
June 10, 1988.

As you know, the issue of progress payments made under contracts requiring first article testing continues to be a matter of concern to the government. We previously provided you with a copy of a proposed change to the Federal Acquisition Regulation that would provide express authority for a contracting officer to include in a solicitation a limit on the amount of progress payments that may be made prior to first article approval. Further, we understand that the Defense Acquisition Regulatory Council may be considering an additional change that would address the issue of unbalanced first article pricing.

We recognize that neither of these changes in procurement regulations would affect your dispute with the Army over its rejection 2 years ago of your bid to supply compasses to that agency. We also appreciate your deep conviction that you should have received the contract in that procurement. As we have stated previously, however, we have no grounds for legal objection to the Army's actions.

Sincerely yours,

A handwritten signature in black ink, reading "Milton J. Soodlar". The signature is written in a cursive style with a large, sweeping "M" and a long, horizontal flourish at the end.

Milton J. Soodlar
Special Assistant
to the Comptroller General

cc: The Honorable J. James Exon
The Honorable Virginia Smith