

DECISION

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

FILE: B-186463

DATE: September 22, 1976

MATTER OF: Transmagnetics, Inc.

DIGEST:

Price reduction for items on mandatory Federal Supply Schedule may be accepted since reduction was offered prior to award and equivalent price reduction applied to contract for duration of contract period.

Transmagnetics, Inc., has protested the making of an award to Astrosystems, Inc., under General Services Administration (GSA) contracts Nos. GS-00S-26903 and -03919. The procurement was for 50 synchro to linear direct current voltage converters to be used by the Bureau of Reclamation, Department of the Interior. The subject contracts are multiple award contracts under Federal Supply Schedule FSC 66 Part II, Section L, entitled "Instruments and Laboratory Equipment."

During March and April of 1976, the Bureau of Reclamation evaluated several manufacturers' products to determine which, if any, met its minimum needs. The voltage converters of three firms--Astrosystems, Natel Engineering Company (Natel) and Transmagnetics--were determined to be acceptable. All three contractors were under multiple award contracts with GSA. The respective GSA contracts expired on March 31, 1976, and were all subsequently renewed. During this time both Astrosystems and Natel lowered the listed FSC prices. Award was made to Astrosystems on April 30, 1976. Transmagnetics protests the award on the grounds that both Astrosystems and Natel were allowed to reduce their prices "after bid opening."

GSA annually enters into a multitude of FSC contracts. See 41 C.F.R. § 101-26.401 et seq. (1975). Many of these schedule contracts are mandatory for use by Federal agencies. 41 C.F.R. § 101-26.401-1, supra. The prices offered by the contractors are filed with GSA and price lists, in conformity therewith, are distributed by the contractors to the various Government agencies for use in purchasing the items. Contractors are allowed to reduce prices during the schedule contract period provided an equivalent price reduction is applied for the duration of the contract. 41 C.F.R. § 101-26.408-5. Accordingly, a price reduction clause is included in all schedule contracts. It reads in pertinent part:

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"If, after the date of the offer, the Contractor (i) changes any of the pricing documents or related discounts which were offered to and used by the Government to establish the prices in this contract or (ii) sells any supplies, equipment, or services offered by this contract at a price below that in any of the above referenced pricing documents so as to reduce any price within the applicable maximum order limitation to any customer, an equivalent price reduction shall apply to this contract for the duration of the contract period or until the price is further reduced, except for temporary price reductions."

The purpose of this clause is to assure that the Government receives the benefit of any general price reduction that may occur during the contract period. In the case of multiple award contracts the price reduction provision may result in one contractor being able to better its competitive position by reducing its price after the dates of bids or during the contract period. B-148873, August 10, 1962. In this vein all multiple-award schedule contractors have the same opportunity to reduce their prices either in the negotiation of a new contract or by offering the Government a price reduction during the contract period. Accordingly, Astrosystems price reduction of April 26, 1976, after contract renewal was properly accepted by GSA and award made to Astrosystems as the low bidder pursuant to 4 C.F.R. § 101-26.408-2, supra.

For the reasons stated above, the protest is denied.

R. F. K. Miller
Acting Comptroller General
of the United States