

**DECISION**

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

FILE: B-210239

DATE: May 31, 1983

MATTER OF: RCA American Communications, Inc.

**DIGEST:**

Cancellation of solicitation was reasonable where procuring activity was advised that service being procured, originally required by March 1, 1984, would not be required until June 1, 1985, and, as a result of delay, service requirements would be increased and other changes may occur in the interim.

RCA American Communications, Inc. (RCA), protests the cancellation by the Defense Communications Agency (DCA), Defense Commercial Communications Office (DECCO), of DECCO solicitation No. DCA 200-82-R-0031.

The protest is denied.

On May 24, 1982, DECCO issued the above solicitation for 18.974 megabit satellite synchronous digital data service. The service would provide wideband data communications between White Sands, New Mexico, Offutt Air Force Base, Nebraska, and Ft. Belvoir, Virginia. Proposals were due at 2 p.m., August 20, 1982.

Only two proposals were received--one from RCA and the other from American Satellite Company (AMSAT). However, AMSAT's proposal was determined to be late. Thus, RCA's proposal was the only proposal capable of being made acceptable. Subsequently, AMSAT submitted an unsolicited proposal for the same service, which was neither accepted nor evaluated. In the meantime, the contracting officer proceeded with the procurement as if it were a sole-source procurement. Certified cost and pricing data were requested and received from RCA, and the Defense Contract Audit Agency (DCAA) conducted an audit of RCA's operations.

Originally, service was required by March 1, 1984; however, DECCO was advised that the service would not be required until June 1, 1985. Also, according to the contracting officer, after having seen AMSAT's unsolicited proposal price, he considered RCA's price to be unreasonably high. Therefore, it was decided that the solicitation

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should be canceled; it was canceled on December 2, 1982. It is DCA's position that with the new service date of June 1, 1985, it is anticipated that the solicitation process will begin between June 1983 and January 1984 and that many changes could occur between now and 1985. According to DCA, it anticipates additional satellite requirements from at least one of the locations within the next year. DCA states that, by including the additional requirements in the new procurement, a lower price can be obtained.

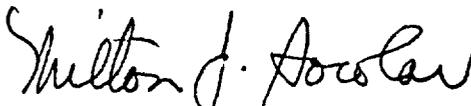
RCA takes exception to DCA's position. RCA contends that the change in the service date is of insufficient substance to justify cancellation of the solicitation and that very few changes in requirements could occur between now and the time the solicitation process begins, which, at the most, is only 10 months away. Also, RCA argues that the most likely change in price would be upward.

In regard to the contracting officer's view, based on having seen AMSAT's unsolicited proposal price, that RCA's price is unreasonably high, RCA states that this sort of analysis and procedure make a sham of the Government's competitive bidding process since AMSAT's proposal was originally, and properly, rejected as being untimely. RCA contends that AMSAT's unsolicited proposal was a method of avoiding DCA's regulations and no part of the solicitation should be considered by DCA in review of RCA's proposal. RCA also argues that since AMSAT's proposal was neither accepted nor evaluated, a reliable comparison could not be made between the two proposals since DCA would have no way of knowing whether AMSAT's proposal met its requirements.

Section 1, paragraph 3, of the Solicitation Terms and Conditions, reserves to the Government the right to reject any or all proposals. Of course, to cancel a negotiated solicitation, the Government must have a reasonable basis for doing so. See Management Services Incorporated, B-197443, June 6, 1980, 80-1 CPD 394. We have recognized that the potential for cost savings is a legitimate basis for canceling a negotiated solicitation. See Science Information Services, Inc., B-205899, June 2, 1982, 82-1 CPD 520. In light of the potential savings anticipated by the inclusion of the additional service requirements in the new solicitation and the possibility of other changes between now and 1985, we believe that the contracting officer had a reasonable basis for canceling the above solicitation.) In view thereof, it is not necessary to address the contracting officer's determination of the unreasonableness of RCA's price based on AMSAT's unsolicited proposal.

Finally, RCA expressed concern that its proposal price had been exposed to its competitors. DCA states that it has no knowledge of such exposure and there is no evidence of record to indicate that RCA's proposal prices were exposed to its competitors.

Accordingly, we deny the protest.

*for*   
Comptroller General  
of the United States