

**552.216-70 Economic Price Adjustment -- FSS Multiple Award
Schedule Contracts (SEP 1999) (Deviation I – Jan 2007)**

Price adjustments include price increases and price decreases and will be considered as shown below.

1. AbilityOne (formerly Javits-Wagner-O'Day [JWOD]) items are not covered by this Economic Price Adjustment Clause. The Committee for Purchase from People who are Blind or Severely Disabled is responsible for determining fair market prices are paid by the Government customers for AbilityOne (formerly JWOD) items, the Distributor must agree to charge prices that are acceptable to the Committee. The Committee for Purchase from People who are Blind or Severely Disabled will administer price changes on an annual basis.

2. Catalog price adjustments will be considered as follows:

(a) Contractors shall submit price decreases anytime during the contract period in which they occur. Price decreases will be handled in accordance with the provisions of the Price Reductions Clause.

(b) Contractors shall refresh or reissue their schedule catalogs simultaneous with the refreshment or reissue of the same catalogs to the General Public including the customer designated for purposes of the Price Reduction clause.

(c) The effective date of any price increase on this contract will be no earlier than the effective date of the refreshed or reissued catalog to the General Public or the designated customer.

(d) The aggregate of the increases in any contract unit price under this clause shall not exceed 15 percent per contract year (evaluated on a case-by-case basis). The Government reserves the right to raise this ceiling where changes in market conditions during the contract period support the increase.

(e) The following shall be submitted with the request for a price increase:

(1) A copy of the commercial catalog/pricelist showing the price increase and the effective date for commercial customers.

(2) Commercial Sales Practices format regarding the Contractor's commercial pricing practice relating to the reissued or modified catalog/pricelist, or a certification that no change has occurred in the data since completion of the initial negotiation or subsequent submission.

(3) Documentation supporting the reasonableness of the price increases.

(f) Upon the receipt of the contractor's submission described in paragraph (e) above, the Government may exercise one of the following options:

(1) Accept the Contractor's price increases as requested.

(2) Negotiate more favorable discounts from the new commercial prices when the total increase requested is not supported, made retroactive to the appropriate effective date.

(3) Remove the product(s) from the contract involved pursuant to the Cancellation Clause of this contract, when the increase requested is not supported

3. The contract modification reflecting the price adjustment shall be signed by the Government and made effective upon receipt of notification from the Contractor that the new catalog/pricelist has been mailed to the addressees previously furnished by the Contracting Officer, provided that in no event shall such price adjustment be effective prior to the effective date of the commercial price increases. The increased contract prices shall apply to delivery orders issued to the Contractor on or after the effective date of the contract modification.

4. In addition to all other provisions of this clause this paragraph specifically applies to tool kits. Adjustments may be made to tool kits customized for Government use due to changes in the composition of the kits or changes in the price of the components

(a) Where the change in the composition of the kits is at the direction of a Government agency, price adjustments shall be made upon notification of the contractor and confirmation from the ordering Government agency. The contractor shall submit a revised bill of material itemizing the changes made. The price of the revised kit will be no more than the previous price of the kit, plus any additional component, less any deleted components, plus any price change for modifications to the box and/or insert and any additional requirements such as, but not limited to, etching etc.

(b) Price reductions that occur at the request of the contractor, changes in component prices or changes in the composition of the kits, shall be reported by the contractor to the contracting officer within 15 days of the change. Upon acceptance by the contracting officer, the resultant price change will be made retroactive to all orders received as of the effective date of the change.

(c) Price increases that occur at the instigation of the contractor or as the result of changes in commercial prices of parts may be proposed annually during a period mutually agreed to by the contractor and the contracting officer. The effective date of these price increases will be the date of the modification accepting the change. No price increases will be permitted for components based on other than commercial prices.

5. All "Other Government" items – Adjustments to any items uniquely manufactured or assembled for Government use and any items whose sales to the Government consist of greater than 60% of total sales for that item will be subject to additional scrutiny as well as the conditions and requirements of paragraphs 2(a) through (g) of this clause. Items that meet the "Other Government" item criteria must be uniquely identified by the Contractor in all requests for price adjustments under the contract.