

MAR 19 1984

The Honorable Walter E. Fauntroy
United States House of Representatives
Washington D.C. 20515

Dear Congressman Fauntroy:

I am pleased to respond to your February 13, 1984 request for information regarding the U.S. Nuclear Regulatory Commission's (NRC) contract with Tayloe Associates for stenographic reporting services.

Specifically, you asked whether NRC intends to exercise its option to extend the term of our contract with Tayloe Associates. Before an option may be exercised, the Contracting Officer must determine that exercise of the option is the most advantageous method of fulfilling the government's need. Procurement regulations specify that price must be the primary factor in making this determination. Quality of service of an incumbent contractor may not be considered.

In September 1983, we conducted an informal market survey of prices paid by six other government agencies for similar services to determine whether we could anticipate receiving more advantageous pricing by competing the requirement. Our survey indicated that NRC was generally paying more for these services than other agencies, particularly since NRC reimburses travel costs separately and the other agencies surveyed include such costs in their per page price. The survey was made using the basic contract year prices. The Tayloe prices for the option year include a 7.5 percent increase, exclusive of reimbursable travel costs. Based on the results of our survey, the determination required by the Federal Government Regulations that the option year prices were better than prices available in the market could not be made. Consequently, the option year under the Tayloe contract could not be exercised.

If we can provide further information, please let me know.

Sincerely,

Original Signed by
Patricia Norry

Patricia G. Norry, Director
Office of Administration

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