

# FEDERAL UTILITY PARTNERSHIP WORKING GROUP SEMINAR

April 22-23, 2015  
Nashville, TN

## FAIR AND REASONABLE PRICING DETERMINATION FOR UESC

Hosted by:



# PUBLIC UTILITY SERVICES

- Public Utility companies provide services to both their Federal customers and their non-Federal commercial and residential customers.
- The types of services offered to both Federal and non-Federal customers includes programs and incentives to help its customers manage and reduce their energy consumption
- Since these services are offered to all its customers (the general public), it can be determined that the services meet the definition in FAR Part 2.101 for *commercial items and services*.
- When determining price reasonableness, the contracting officer need not require the submission of certified cost and pricing data (See exceptions listed at FAR 15.403-1(b)(3).

# COMPETITION REQUIREMENTS IN AWC

- The GSA Areawide contract requires the Utility to use competitive procedures when offering energy management services under a UESC. (Refer to Subcontracting article in the Areawide contract.)
- Competitive procedures shall be used in soliciting offers from ESCOs, lenders, and subcontractors (both for installation services and for materials/equipment). Provide full transparency to the Contracting Officer.
- When only one bid received for an ECM, even if several solicited, there is no competition. Additional detail must be provided to substantiate fair and reasonable pricing (i.e., labor and material costs, overhead rates, mark-ups and profit).

## PRICE TECHNIQUES (continued)

- Proposals will be evaluated using price analysis methods and not cost analysis.
- Analyze prices proposed for each ECM (subcontractor pricing).
- Compare proposed pricing against pricing developed by the government, typically using industry cost estimating handbooks, or pricing that was developed by independent sources, such as an A&E firm.
- Catalog pricing - offered to the government at same rate as general public or discounted to the government – consider negotiating discounts.
- Consider comparison of pricing for same items that are available on GSA Federal Supply Schedules.

## PRICE TECHNIQUES (continued)

- Compare pricing for same/similar items procured by competitive means in another contract within a recent time period.
- Engineering rates proposed may be compared against a contract competitively awarded for A&E services.
- Have discussions with the Utility to understand the drivers of costs perceived as high – may be able to adjust scope or correct misconceptions.
- Request additional detailed pricing data as necessary to determine fair and reasonable pricing.
- Agencies may contact FEMP for assistance in review of proposed pricing for ECMs and/or proposed finance terms (rates, adders and costs associated with financing).